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THE ROUND TABLE

A QUARTERLY REVIEW OF THE POLITICS OF
THE BRITISH COMMONWEALTH

Volume XXVIII



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Volume XXVIII

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THE ROUND TABLE is a co-operative enterprise conducted by people who dwell in the different parts of the British Commonwealth, and whose aim is to publish once a quarter a comprehensive review of imperial politics, free from the bias of local party issues. To this is added a careful and impartial treatment of outstanding international problems that affect the nations of the Commonwealth. The affairs of THE ROUND TABLE in each portion of the Commonwealth are in the hands of local residents, who are responsible for all articles on the politics of their own country. It is hoped that in this way THE ROUND TABLE serves to reflect the current opinions of all parts about imperial problems, and at the same time to present a survey of them as a whole, in the light of changing world conditions.

THE ROUND TABLE

A QUARTERLY REVIEW OF THE POLITICS
OF THE BRITISH COMMONWEALTH

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The contents of the last two numbers of THE ROUND TABLE are printed at the end of this issue, together with a list of agents through whom THE ROUND TABLE may always be obtained.

THE CRISIS AND THE FUTURE

WHEN Er the Pamphylian, in the Platonic myth, came back to life after his soul had sojourned for twelve days in the other world, "in what manner or by what means he returned to the body he could not say; only, in the morning, awaking suddenly he found himself lying on the pyre". Like Er, the peoples of Europe and of the Commonwealth have been plucked back from the edge of calamity, and they too have brought with them the memory of a dream in which good and evil, hope and despair are mingled. Their first and dominant emotion has been one of profound relief at the escape from war. The great war is still fresh in the minds of millions, and the campaigns in China and in Spain have reinforced the feeling of all sensitive humanity that modern weapons, and above all the aeroplane, have stripped war of everything but its brutality, its suffering and its futility. The sense of relief remains, but time and reflection have brought the realisation that the world on which we have opened our eyes is strangely, and in some respects ominously, different from that which we have known for twenty years. For not only has Czechoslovakia been reduced to impotence, but Poland and Hungary have been drawn into the German orbit, the French Alliances in the East have been broken or rendered ineffective, the Little Entente is moribund. The Third Reich has established itself as incomparably the strongest military power on the Continent, and there are none to-day who can prevent it from exercising political and economic dominion over all Europe from the Rhine to the Russian frontier. It is clear that if the Germany of the Hohenzollerns had been given in 1914 the certainty of attaining

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in central Europe a hegemony far less complete and irresistible than that now within the reach of their successors, there would have been no war.

No one need feel surprise that the sober contemplation of these changes should have brought to the surface both in the British Commonwealth and in France doubts and anxieties that had been suppressed during the crisis by most of those who felt them. The questions are being asked—and that they are being asked widely and insistently is in itself in free communities such as ours a reassurance and a symptom of health—whether changes so far-reaching were inevitable, whether our own part in bringing them about was beyond reproach and what obligations devolve upon us all as citizens and upon our Government if we are to save ourselves from the fate of Czechoslovakia and to hold aloft the torch of freedom in the world. It is the purpose of this article to suggest an answer to such questions as these and so to resume and supplement the other articles on the crisis which appear elsewhere in this number.

I

IT was a commonplace of Nazi propaganda to speak of Czechoslovakia as of some monstrous birth—

“A freckled whelp, hag-born—not honoured with
A human shape”.

Yet it may be safely asserted that the errors made at Versailles in the fixing of its frontiers were not the most significant of the ultimate causes of its dismemberment. The nationalities incorporated in the new State had all been fellow-subjects of Austria-Hungary; none of them had ever owed allegiance to any German prince but a Hapsburg since the mediæval Empire. No boundary could have been drawn which would not have left minorities on one side of the line or the other, and no boundary could have been defended if the bastion of Bohemia, which throughout historic times has been the

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military key to the command of the Danubian plain, had been transferred to Germany.

But if the State created at Versailles were to survive in its original form, the first condition was that it should succeed in converting the atmosphere of open or latent hostility in which its mixed populations had for centuries lived side by side into one of mutual tolerance and from tolerance into harmony. The Czechs gave to their fellow-citizens an efficient and progressive administration, wise laws, freedom of speech, of the press and of political activity, such as they had never known, but they failed in the supreme task of welding many nationalities into one nation. Their régime, as Lord Runciman discovered, could rarely be called oppressive and was never terroristic; but it was lacking in generosity and in imagination. They had promised to build up a second Switzerland, but the measure of their failure is that only at the eleventh hour were they willing to concede what in Switzerland—or in South Africa—would be recognisable as equality of language rights. The iron of their own subjection had entered their souls.

To their sins of omission at home were added fatal miscalculations abroad. They received with a cold repugnance every proposal for strengthening their economic ties with their neighbours. They prevented the restoration of the Hapsburgs when they should have welcomed it as the only alternative to the *Anschluss*. Relying to the end upon their alliances with France and Russia to defend them against the full force of Nazi aggression, they neglected until too late to make any serious attempt to conciliate their minorities. Yet even before the *Anschluss* it was notorious that a new Tiberius had destroyed the morale and the material efficiency of the Russian army. It was notorious too, notwithstanding repeated official assurances on the subject, that in France the politicians and the man in the street were alike openly questioning the feasibility of honouring French obligations to Czechoslovakia since the fortification of the Rhineland by Germany. In the light of these

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facts it is not enough to say, as many of her apologists in this country have said, that Czechoslovakia was destroyed because she trusted her friends. Nations are not preserved in the long run unless alliances and friendships are reinforced by wisdom and prudence in the judgments of their rulers; and in a world where a Napoleon or a Hitler stalks abroad a miscalculation may spell ruin. The Czechs have shown courage and dignity in adversity, but something more than courage and dignity was needed to ward it off.

The future historian of this period will probably decide that once the *Anschluss* had been achieved, the state of Europe being what it was, the fate of Czechoslovakia was sealed. Herr Hitler held too many cards. Since the whole world knew it, he cannot have been unmindful of the pernicious anæmia which had assailed the politics and the economic life of France. Since the whole world knew it, he cannot have remained ignorant of our own halting efforts to build up our defences against air attack. He had the further unusual and inestimable advantage of being able to demand, in the name of self-determination for the Sudeten Germans, what he needed to help him establish the future invincibility of the Reich. He well knew that neither France nor ourselves would lightly enter the lists in opposition to a cause that could be represented as identical with a principal declared object of the Allied Powers in the last war. These advantages were palpable, and to exploit them the familiar weapons of National Socialist aggression were only waiting to be unsheathed. Intimidation in Sudetenland, bad faith on the part of his chosen negotiators there, vituperative and lying propaganda in the press and on the wireless—nothing was spared. In the last analysis, the crisis came and Czechoslovakia was sacrificed because Herr Hitler had weighed in the balance the armed strength of the democracies and their willingness to stand punishment against that of Germany, and had found the democracies wanting. Whether he was right is now irrelevant, for we accepted his valuation.

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II

WHAT of our own part in these events? Everything else has been obscured by the intensity of the personal effort made by Mr. Chamberlain to preserve peace. No serious critic of the Prime Minister—and he has many critics in all parties and in all walks of life—has contested the sincerity of his motives. Believing that Europe was rushing headlong into war, he devoted all the courage, pertinacity, energy and resource at his command to averting what he was convinced would be general disaster. In that aim he succeeded and thereby saved Czechoslovakia from fire and sword. Yet the Munich agreement, the negotiations that preceded it, and above all the execution of its provisions, have left a widespread sense of discomfort, and the origin of that discomfort is the consciousness that neither reason nor moderation nor justice has prevailed at any point against a direct and brutal threat of force. Though in form a settlement by consent between the four signatories, the Munich agreement did no more than set the seal of legality to the most extreme demands of the German Chancellor. Possession is still nine-tenths of the law, and it was implicit in the Munich agreement that when once the German army had set foot in Czechoslovakia and the danger of Franco-British intervention had been removed, no commission of ambassadors, no corps of observers or any other “safeguard” could prevent the Reich from fixing its own future frontier with Czechoslovakia. It is not an exaggeration to say that the ethnical line has been followed only when Germany could see no military or economic advantage to herself in departing from it. To call this “self-determination” or “repairing the blunders of Versailles” seems to the ordinary man a mockery.

What, then, were the considerations that led the Prime Minister and M. Daladier to accept at Munich the substance of what had been rejected at Godesberg? Condemnation of the contents and the spirit of the Godesberg

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memorandum had been immediate and unqualified not only in France and Great Britain, but throughout the world. In France, indeed, the pressure of public opinion had forced resistance upon a Government which previously had seemed resolved on nothing but to be irresolute. From this atmosphere of determination at home the two Prime Ministers went to Munich to "try what reason and good will and discussion would do", and hopeful that within a week they might reach agreement. Why within twelve hours of their arrival did they accept the unacceptable, without even the formality of consultation with the Government in Prague? In the absence of any but the most fragmentary account of the Munich negotiations, there can be no certain answer to this question. But is any answer intelligible except that the two Governments, being already committed to the transfer of the Sudetenland, preferred to acquiesce in terms that they knew to be unjust, that they knew must en throne dictation instead of reason as the governing principle of treaty revision, rather than to expose their peoples to the risks and perils of a German attack from the air? The decision not to fight when doubtful of its ability to fight and win is in itself one for which no Government could fairly be criticised; and in this instance it is one that all the evidence since accumulated, both here and in France, of confusion and unpreparedness over the whole field of anti-aircraft defence would seem to render not merely intelligible, but imperative. In the Parliamentary debates that followed Munich both Governments elected to defend the agreement on the ground that it was essentially different from the Godesberg memorandum and that it embodied substantial concessions by Herr Hitler to reason. The ultimate test of any agreement is how it has worked out and not what was said in its favour; but no one need be unduly critical if Ministers either here or in France prefer a reputation for naïveté in negotiation to that which they have earned by administrative incapacity.

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It is unfortunate that public attention has been concentrated primarily on the crowded days and nights, on the hurrying and scurrying of the brief period between the Nuremberg speech and the Munich meeting. Unfortunate, because the last scenes must be put in their proper perspective and seen against the background of the earlier acts if we are to extract from the drama those lessons for our future guidance with which it is richly endowed. The first lesson is that, by comparison with the standards of a totalitarian Power, we have played at rearmament. It is true that over a long period our defences were neglected and, if we wish to make a party point, that Labour was in power during an important part of that period. It is true also that the queer Baldwinian superstition that a democracy must be led from the ranks wasted two critical years. But what has mattered most is that even since 1935 we have failed to employ the immense resources of this country in the rehabilitation of our defensive armaments. We have not realised that speed was everything; we have rearmed almost reluctantly and as though we were half persuaded that in some way or other we should be spared the necessity of completing our programme. The delusion of collective security has sapped our resolution long after it had been discarded by our intellect. It is to the state of our armaments, and to our failure to give to the world any sign that as a nation we recognise the obligation of personal service even in defence of our homes, that we owe the progressive deterioration of our diplomatic influence in the world and the humiliations that have been put upon us.

The second lesson is that a foreign policy which is unstable, the subject of unending controversy at home, and therefore a succession of compromises, is the most dangerous of all policies. We have broken no engagement to Czechoslovakia, because we have had none since the Covenant was allowed by tacit consent to slip into oblivion. But in April, and again as late as September, we declared our interest in the problem of Czechoslovakia in terms which

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were incapable of any rational explanation unless the Government had decided that in certain circumstances the fate of that country would become a *casus belli*. It is improbable that the British Government looked on that declaration as a compromise. Yet it was made as a result of pressure from those rival sections of British opinion which were clamouring the one for a guarantee, the other for disavowal. In the light of what followed, we should have better served the interests of Czechoslovakia if we had told both Dr. Benes and the French Government frankly and privately in April that we were in no position to fight.

Finally, we are bound to ask ourselves why Mr. Chamberlain was left in the end to make bricks without straw. Can there be any other explanation than that neither the French Government nor our own apprehended, until it was too late, the determination with which Herr Hitler moves to attain his purpose or how remote that purpose is from any concept of justice or international morality ?

III

THE British people are to-day facing with mingled emotions a future, which they know to be difficult and even dangerous. Profoundly thankful for the respite that the Prime Minister has won, shocked by the inadequacy of our defences, and convinced that new methods and new men must be found, longing for appeasement and yet sceptical as to the policy, eager to serve but uncertain how to do it, the nation is asking for a lead without knowing from where a lead is to come. It is dissatisfied with the National Government, finding the epithet misleading and the personnel as a whole unimpressive. Yet the nation is as far removed as ever from a belief in the nostrums of Socialism or in the policy with which the Opposition until recently has been identified, the policy of pugnacity from weakness. Whatever were the result of a general election now or in the near future, the one certain prognostication

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is that the new Parliament would be chosen with no glow of conviction on any policy that has yet been disclosed to the country.

An important contributor to this general malaise is the fact that for some years past, in defiance of a long and invaluable tradition, foreign policy has been almost the only subject of political controversy. When a Government predominantly conservative nationalises private property and embarks upon the reorganisation of industries such as mining and agriculture, when the principle of social reform is universally accepted and only the *tempo* is in dispute, men turn to other fields in which they can enter the lists for their ideals. In the welter of political and economic problems created by the war and the rise of the totalitarian States, foreign affairs became perhaps the inevitable choice. Yet it would be difficult to conceive of a sphere in which devotion to an end without regard to the means could be more hazardous or one in which the influence of a house divided against itself would count for less. Even to-day, after a crisis which has ruthlessly exposed the folly of disunity and the complete dependence of foreign policy on the means available at any moment to support it, every party in the state and every gathering of citizens is thrown into controversy at the mention of foreign affairs, by what the disputants believe to be a conflict of ideals.

Yet by a shifting of emphasis it is possible to imagine a policy behind which the whole nation could unite with no sense of being frustrated in its idealistic fervour. The task of statesmanship to-day must surely be not to "save Spain" or to destroy Fascism, or even primarily to seek peace, but to place beyond fear of attack, to strengthen, to renew and to revivify the achievement of the British people in the world. By service and suffering, by energy and enterprise our ancestors established freedom, justice and the rule of law not only in these islands, but over a large part of the globe. In powerful communities to-day

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freedom is derided, justice neglected and the rule of law interpreted as the rule of force. In those communities we see again what Maitland described as the characteristic of political development in the earlier middle ages—"it is unanimity that is wanted; it is unanimity that is chronicled; it is unanimity that is after a sort obtained. A shout is the test." There is only one effective answer to these revivals of a primitive political philosophy, and that is to place beyond question the virility and the perennial power of those principles in the faith of which we have been reared.

It is easy to write these words, but let no one imagine that to give them reality is a trivial or painless process. Material rearmament calls for the urgent application of new methods, for the refusal to tolerate departmental obstruction, for the transfer of responsibility for what are problems of engineering production from soldiers and civil servants to those who understand them. It means an end of excuses for inaction such as the fear of losing our export trade—as though exports were something that we could drag unscathed from the wreck even of our national existence. Moral rearmament demands a clear lead on the obligation of all citizens to personal service in some capacity and an organisation capable of creating confidence that such service will be promptly and wisely used. Above all, if the financial burdens inseparable from the effective defence of our ideals are to be met, it can only be through the infusion of new life and vigour into the trade and industry of this country and of its colonial empire. New life does not mean new subsidies, but the regeneration of industry from within, with the co-operation of capital and labour and such indirect encouragement as Governments can give. Organisation such as that existing in Germany and described elsewhere in this issue* is beyond our capacity and repugnant to our instincts, but we have in the relationship between employers and employed now freely established and maintained by consent over a wide field of industry an unrivalled foundation on which to build.

* See below, p. 84 *et seq.*

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Such a policy is not an alternative to a policy of appeasement, whatever meaning we may give to that term. It is indispensable to the survival of the nation in health and vigour. Without it we cannot hope to pursue appeasement or any other active foreign policy except with the certainty of humiliation. We are a peace-loving people, we like to settle our differences by reason and compromise, and we find it easy to forget that strength, moral and material, is a condition of all successful negotiation. We are conscious of no bitterness against the people of Germany, but of many affinities with them. We recognise freely that there was much in the Treaty of Versailles and in its application for which we must bear a part, if not the chief part, of the responsibility, that was neither wise nor just to Germany, and we suspect that this sense of injustice was a sentiment to which the National Socialist movement found it easy to appeal with effect. When, therefore, we see that Mr. Chamberlain by his visits to Germany was able to break down, if only temporarily, the barriers of ignorance and prejudice erected round its citizens by a paternal Government, when we learn that he obtained the signature of Herr Hitler to a joint declaration of a peaceful character, above all when we read the letters which all of us who have friendships in Germany receive, the old dreams are revived of a world in which the Anglo-Saxon and the German peoples confront the great tasks of civilisation together. It is an alluring prospect for which many Englishmen to-day are prepared to run great risks.

THE ROUND TABLE is convinced, not indeed that the prospect is a mirage, but that our hopes will betray us if we pursue it before we have convinced, not only the German people, but their rulers, of our will and our ability to defend the Commonwealth and the political ideas by which it lives. No liking or friendship for the German people ought to blind us to the fact that the Government of Germany is a despotism, and a despotism that professes and practises an aggressive philosophy poles asunder

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from our own. In the National Socialist party there are many opinions, but throughout its history on every matter of importance, whether it is the treatment of Jews, the quarrel with the Churches or the successive challenges to the European order created at Versailles, it is the more extreme view that has prevailed. In the last six months we have seen the absorption of Austria and the attack on Czechoslovakia, each following on public and categorical assurances that nothing of the kind was contemplated. This, surely, is no moment for negotiating from weakness or for concessions, under whatever pretence of justice, in the colonial or any other sphere, that may comport grave risks to the security of the Commonwealth. The only sure road to peace is to compel the respect of the rulers of Germany by proving that we are a strong, determined and regenerate nation. Whether peace will be followed by full friendship and unreserved collaboration must depend not on us but on the German people. They do not need to learn from Socrates the first part of the whole duty of the citizen—"He must do what his city and his country order him"; but can they fulfil the second—"or he must change their view of what is just"?

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I. THE EUROPEAN CHESS-BOARD

BY re-occupying and re-fortifying the Rhineland, Herr Hitler created a strategic barrier between France and her central and eastern European allies. The direct consequence of that re-occupation and of the breach between Italy and the western Powers was the German conquest of Austria: and that in its turn reduced Czechoslovakia to a hopeless strategic position. Although the Czech defences along and behind their mountainous, forest-clad German frontier were very powerful—so much so that in all likelihood they could have withstood direct German assault for two or three months, if not more—the *Anschluss* converted the whole western half of Czechoslovakia into one large salient. It also exposed to attack the region opposite Vienna where the terrain is favourable to an invader, being without natural defences and unprovided with adequate artificial fortifications. On the internal fringe of this terrain is the important industrial town of Brno, the main railway junction between eastern and western Czechoslovakia.* A double German offensive, with Brno as its objective in the south and Olomouc in the north, would have threatened to cut Czechoslovakia in half by a huge pincer-movement and to have isolated Bohemia and Moravia. After the *Anschluss* Czechoslovakia could hardly have withstood a German assault for more than two or three weeks. To be effective, therefore, intervention by the western Powers would have to be very rapid. But the growing strength of Germany's western defences was diminishing the possibility of swift intervention. It thus became more and more doubtful whether

* See maps below, pp. 224-225.

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the Czechoslovak forces could be saved from destruction, although it was conceivable that Czechoslovakia might be restored—as Serbia was in the great war—to her old frontiers, and even more, after the defeat of Germany.

The fusion between the German and Austrian armies and the changes in Germany's strategic frontier resulting from the *Anschluss* led to a regrouping of German army corps. Movements of German troops near the Czechoslovak border went on in April and May. Germany had long been preparing fortifications of a formidable offensive character along her pre-*Anschluss* frontier with Czechoslovakia. After the *Anschluss* these fortifications were extended as far as the Hungarian frontier. That Germany was, if not actually planning a campaign, at least putting herself in a position to invade Czechoslovakia, was evident even in the autumn of 1937, though it was clear that the *Anschluss* would have to come first; for the *Anschluss* was both an end in itself and a means to further expansion in central Europe and the Danubian area.

On March 24 the British Prime Minister in Parliament reviewed "the new situation". While refusing to give any prior guarantees, he uttered the warning, that if a German-Czech war broke out, "it would be quite impossible to say where it would end and what Governments might be involved". What did the British declaration mean to Germany? It meant that she could not, in the event of a war with France, resulting from a war with Czechoslovakia, count on British neutrality. Mr. Chamberlain's words, for all their studied moderation, revealed the reality of the gathering European crisis.

In May the movements of troops and the menacing attitude of the German press and wireless seemed to show that the German-Czech crisis might be taking a warlike turn. The Czechs found it necessary to mobilise and the British Government, well aware that war between Germany and Czechoslovakia might mean war between Germany and France, and that a Franco-German war could not leave

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Great Britain indifferent, made certain representations in Berlin during the famous week-end of May 21. The British Government never asserted (as some newspapers did) that Germany had mobilised or that she was about to attack Czechoslovakia. Indeed, it is fairly certain that she did not mean to attack during that period. But when the crisis seemed to abate soon after the British move, there was a widespread belief that Herr Hitler, having been "warned", had "climbed down". The Czechs demobilised and it seemed that war had been averted.

The truth was that, instead of climbing down, Herr Hitler intensified his military preparations—especially in the Rhineland—precisely because he had been made aware that he might have to reckon with Great Britain as well as with France. Despite the emphatic warnings received from that realistic observer, M. François-Poncet, the French Ambassador in Berlin, a limited optimism began to prevail in London and Paris. In Prague there was a tendency to believe that the German attack would not come before the spring of 1939: that it would come eventually was taken for granted. This view was, on the whole, shared in Warsaw, where central and eastern European affairs are always studied with great precision and insight, and sometimes with exceptional foreknowledge. The Poles—or at least the Polish Foreign Office—had long lost all belief in the survival of Czechoslovakia as an independent state.

Poland was, perhaps, the only Power who from the beginning faced the consequences of the re-occupation of the Rhineland. She was then prepared to invade Germany if France did so as well; but since France did not march, she drew the conclusion that the French system of alliances would break down and that the eastern European Powers would have to look after themselves. Consequently Poland endeavoured to promote the best possible relations between herself and Germany. It was Poland, too, who correctly gauged the strength of the Soviet Union. Although her eastern frontier is a long one and poor in natural

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defences, she is not afraid, in a military sense, of the Union, despite its immensely superior resources in men and material. The Poles have all along held that lack of communications, deficiency in rolling-stock, and general mismanagement would make it impossible for the Soviet Union to intervene decisively in a general European war. Even before the German-Czech crisis came to a head, the Poles prepared for a reorganisation of the eastern European order by promoting a close Polish-Hungarian *rapprochement* with a view to establishing a common Polish-Hungarian frontier after the collapse of Czechoslovakia.

To the Czechs, on the other hand, the situation appeared to be full of hope. In June and July the great Sokol Festival was held in Prague. The Sokols are athletic associations which, under the Habsburgs, were the chief carriers of Czech nationalism. They are affiliated to kindred organisations in other Slav countries and embody a certain pan-Slav tendency. Czech, Slovak, Yugoslav, and Rumanian Sokols greeted one another amid scenes of wild enthusiasm in the great stadium near Prague. It seemed that the Little Entente was more solid than had been supposed. Moreover, Mr. Chamberlain's statement in May, the repeated assurances given by France, the efficiency with which the Czechoslovak mobilisation had been carried out, the excellence of Czech war material, and the demonstration of apparent solidarity among the Powers of the Little Entente strengthened the spirit of national resistance in Czechoslovakia. The Czechs were ready and they would not (so they believed) fight alone—this was the general sentiment and it was constantly emphasised by that great optimist Dr. Benes.

In August the tension between Berlin and Prague rapidly increased. The German press and wireless worked up a violent anti-Czech agitation, alleging, in particular, that the Sudeten Germans were being brutally oppressed and victimised. The Sudeten German party, led by Herr Henlein and clandestinely affiliated with the

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German National Socialist party, gathered strength. It used various forms of pressure, such as economic boycott and dismissals from employment, in order to eliminate dissidents—especially the Sudeten German Social Democrats led by Herr Jaksch—and to lead all Sudeten Germans into one centralised organisation, which was really directed from Berlin.

The question whether the Sudeten Germans were badly treated by the Czechs is a contentious one. They were certainly not “oppressed” in the sense that the Ukrainians in Poland or the Jews in Germany are oppressed. Lord Runciman, in his letter to Mr. Chamberlain on September 21, wrote that “Czechoslovak rule in the Sudeten areas for the last twenty years, though not actively oppressive and certainly not ‘terroristic’, has been marked by tactlessness, lack of understanding, petty intolerance and discrimination, to a point where the resentment of the German population was inevitably moving in the direction of revolt”. It must, however, be added in fairness to the Czechs that central and eastern European standards in the treatment of minorities are not those of western Europe, and that by the former standards, Czechoslovakia was a land of liberty and toleration.

The chief grievance of the Sudeten Germans was certainly a just one—namely, that they were not allowed their due share of official positions, so that the policeman, the post-master, the magistrate, and so on, in purely German-speaking areas was often a Czech with inadequate knowledge of German and little understanding of the German mind and character. As for the prospect of a “revolt” in the Sudetenland, Czechs and Sudeten Germans had lived together in reasonable harmony for centuries. There was no question of revolt when the disabilities under which the Sudeten Germans lived were most severe, that is to say, in the years immediately following the great war, or indeed at any time until the rise of the Sudeten German party and the intervention of the Third Reich. There

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can be no doubt at all that the grievances of the Sudeten Germans were enormously exaggerated, above all by Herr Hitler himself, so as to encourage revolt and to make what was not originally "inevitable" appear—or even become—inevitable. Arms and agents were dispatched from the Reich into the Sudetenland so as to make revolt not only sure but successful. The general mass of adult Sudeten Germans never thought in terms of revolt; industrial labour was definitely against it and was, to a very large extent, more sympathetic to the Czechoslovak Republic than to the Third Reich.

II. THE MIND OF THE GERMAN PEOPLE

IT has been said repeatedly that the German people "do not want war". There is some truth in this statement, but it requires qualification. The dangers of the European crisis were not realised by the British public as a whole until towards the end of August, or even later. When were they realised by the German public?

The German political system is in itself warlike and there is—and has been all along—a widespread though not a general conviction in Germany that the system is one that makes war inevitable. There has been greater apprehension at the prospect of war in Germany than in any other country; for even among the Czechs the advent of war was, perhaps, taken too much for granted to be regarded apprehensively. There has also been in Germany a widespread and ardent hope that war would come. This hope has had a twofold origin. A great many young people, especially members of the S.A. and of the Hitler Youth, have lived—and still live—in hopes of a war that would avenge the defeat of 1918 and re-establish German supremacy in the world. It is not Versailles but defeat that is the essential German grievance against the western Powers. This hope has to some extent been nourished by Herr Hitler's book *Mein Kampf*, where war is glorified, for example, in the vivid words describing his overwhelming

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joy at the outbreak of war in 1914.* Militancy is strong in the Third Reich and is combined with fanatical devotion to Herr Hitler. To many Germans a war, no matter what its origin or its aims, would be a holy war.

Large numbers of Germans, especially of the urban working class, have hoped for war from an entirely different motive ever since the National Socialist dictatorship was established. Indeed, to many Germans, war has been the only hope of deliverance from that dictatorship, seeing that rebellion at home is impossible in peace time, while the defeat of the Third Reich by the western Powers would weaken, if not destroy, the régime, and so make possible the restoration of German liberties. The internal opposition to the dictatorship is certainly weak. The small, resolute remnant of the German Communist party has been decimated by confinement in prisons and concentration camps and by violent death. Many German Communists have also been arrested and imprisoned in Russia, while some have been deported to Germany.

Various groups of Social Democrats have maintained skeleton organisations in Germany, but neither they, nor the Communists, nor the so-called "Black Front", which is led by the *émigré* and former National Socialist, Herr Strasser, constitute an effective opposition. For all practical purposes, there is no political opposition in the Third Reich. Generally speaking, the German industrial workman sees and knows nothing of any underground organisation, nor has he any contact with active revolutionaries, nor does he receive "illegal" pamphlets or attend any secret meetings.

A good deal has been written about the opposition of the military commanders. But in fact it does not and never did exist. Individual officers of high rank have had their misgivings about Herr Hitler's foreign policy and the High Command has not always shared his views, but it was always with him when the hour of decision arrived, and the

* See *Main Kampf* (1935 edition), pp. 176-7.

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German officer corps as a whole is devoted to him. True, there is a considerable body of conservative opinion that disapproves of Herr Hitler's policy and, even more, of his methods : the close resemblance between National Socialism and Bolshevism has not escaped the observation of many German conservatives. But there is no such thing as a " conservative opposition " in Germany.

Discontent, however, is widespread. Herr Hitler's Austrian triumph did not alleviate it. Enthusiasm soon died down after the event—the German masses are, very largely, bored with the succession of triumphs. There is a good deal of dissatisfaction among the peasantry, but they no more think of rebellion against the rigid control of agriculture and dairy-farming exercised by the dictatorship than against bad weather sent by heaven. The two extremes of German opinion remain—on the one side, intense enthusiasm for the ever-increasing greatness of Germany, combined with profound personal devotion to Herr Hitler, and on the other, a muffled rebelliousness that feeds on hope of the revolt and retribution that will only be possible after defeat at the hands of a foreign foe. Between these extremes there is the broad mass—without any doubt, the majority of the German people—who may be discontented, but who accept the régime and all it does.

The feeling, of maturer industrial workmen are reflected in a letter received by the present writer from Westphalia at the time when war seemed very near :

There is no enthusiasm now, as there was in 1914. We all feel as though we were watching a funeral procession go by. . . . Let us hope that good old Chamberlain's efforts will succeed and may heaven save him from a great disappointment later on. Let us hope the removal of one dark cloud will not simply reveal even greater perils ahead. . . . As for ourselves, may a propitious destiny save us from the masters of the Third Reich.

A letter from a school teacher in Württemberg expresses the conviction that Herr Hitler is bluffing and the hope that the bluff will be called. A letter from an officer's wife, on the other hand, shows a sense of outrage at the

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maltreatment of the Sudeten Germans by the Czechs and a deep faith in Herr Hitler's goodness and in his determination and ability to establish the peace of Europe on a permanent basis.

In the Rhineland and on the Czechoslovak border, where warlike preparations could be observed by all, the dread of war was intense, though it does not seem to have led to any open discontent. In a few Rhenish factories there were executions of workmen, but it is not clear whether the German authorities merely anticipated open discontent or whether open discontent had actually broken out. Among the business community in the Rhineland there was a widespread feeling that Herr Hitler must be removed if he really threatened to plunge the country into war. In Berlin, the seriousness of the international situation was realised much less clearly than in the frontier regions.

In England and France there was a widespread belief that the German people would refuse to fight, that the German workmen would not march, and that French and British air raids on German cities would be the signal for popular revolt against the National Socialist régime. This belief would seem to be entirely erroneous. German workmen—including those who ardently desire the collapse of the régime—would certainly march in defence of their country, and as for air raids, they would create a deeper sense of national danger. The point of view of all thoughtful Germans must inevitably be that, if their country had been defeated, the end would have been not a second Versailles but a second Carthage. Moreover, in any war, all who might not want to march would be quickly terrorised into submission or exterminated.

Was Herr Hitler bluffing? The question will always remain controversial. The writer holds that he was not bluffing, that he meant what he said when he told Mr. Chamberlain at Berchtesgaden that he would invade the Sudetenland, even at the risk of precipitating a European

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war. In any case, as a matter of practical politics, the western Powers had to reckon with at least the possibility that Herr Hitler was not bluffing.

When the crisis was over, the relief that war had been averted was felt about as deeply in Germany as in France and England. The following passage in a letter from a German industrial workman is typical :

Friday's jubilation reverberates even to-day, Saturday. This jubilation was and remains genuine. It rises from hearts that are too full, hearts that were beating in fear and in distress during the last few days. . . . The Sudetenland? Yes, of course, that was the strip of territory on the frontier about which there was to have been a war, the strip that is now going to be ours. . . . Questions are asked : did this strip ever belong to Germany? Was it taken from us by the Peace Treaty? Why have the Czechs suddenly started persecuting the Germans? Why are our troops suddenly walking in, seeing that the Czechs are ready to give us everything without fighting? . . . How will Czechoslovakia fare now? And Poland and Hungary? Will there be a conflict over colonies also? What will happen in Spain? . . . There is one group who have followed events with sorrow—those who hoped that war would deliver them from the Nazi yoke.

In another letter there are expressions of regret that the German working class were unable to do their share in saving the peace of Europe, but they could not speak—

a careless word or gesture would have delivered them to the cruel executioners of the Third Reich, men who in their ruthlessness do not know mercy. . . . Tell the English people and the world, that there are millions of men in Germany who are in spiritual and personal bondage and long for the day of deliverance, the day when they will be able to co-operate with others in achieving the exalted ideal of brotherhood among the nations.

Those Germans who want a war in the belief that it will advance the glory and greatness of their country are more hopeful now than they were before, in so far as they see Germany in a much stronger position, and therefore better able to strike in the hour of her own choosing and with a greater prospect of success. But those who want war because they want the overthrow of the régime are less hopeful than they were, for they see the war postponed,

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even if it be inevitable, and see the chances of a German defeat steadily diminishing. On the whole, Herr Hitler's triumph at Munich has made him very much stronger at home, no less than abroad. It has certainly strengthened the resolve to achieve further triumphs.

III. FROM HOME RULE TO PARTITION

THE crisis showed Herr Hitler to be incomparably the ablest political strategist in Europe. He always manœuvred so that his opponent was in the clear daylight while he himself remained in shadow or darkness until he was about to strike. The Czechoslovak Government had long been troubled by the threat of the Sudeten German party to stir up disorders that would lead to armed intervention by the Reich. But the party never said what it really wanted except in vague terms. Even the "eight points" of Herr Henlein's Carlsbad speech and the so-called "Kundt memorandum", submitted to the Czechoslovak Government in June, consisted of generalities that suggested home rule without defining its precise nature or its limits. The precision of detail in the Kundt memorandum is apparent rather than real.*

The Czechoslovak Government was compelled, under pressure from London and Paris, and through the mediation of Lord Runciman, to make proposals that were always specific. Herr Hitler's response to every proposal was rejection, or acceptance so qualified that it was equivalent to rejection, accompanied by military measures, press and wireless invective, and "incidents" staged in the Sudetenland, so that a new situation was created every time. Each situation was invariably denounced as "intolerable" in Berlin and therefore demanding a more drastic solution—a solution, that is to say, requiring new proposals more favourable to the Sudeten Germans than the old. But always there was the threat of a general war in case new proposals were not forthcoming. The Czechoslovak Government,

* See Documents Nos. 1 and 4, pp. 197, 199 below.

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always giving way to pressure from London and to the threat of war from Berlin, offered the Sudeten Germans as large a measure of home rule as was compatible with the territorial integrity of Czechoslovakia.

On September 12 Herr Hitler addressed the Nuremberg Congress and declared that "oppression must cease and self-determination must come". This was the first hint that home rule might not be enough. On the 15th he received Mr. Chamberlain at Berchtesgaden and, for the first time, demanded that the regions where the Sudeten Germans form the majority of the population must be united with the Reich. He was supported by Lord Runciman, who, in his letter addressed to Mr. Chamberlain on September 21, declared his belief in the necessity of "self-determination at once" and of "some cession of territory".* Lord Runciman's letter did not hint at the truth—which was but dimly apprehended at the time—that "self-determination" and "some cession" meant the end of Czechoslovakia as an independent Power.

Theoretically it would have been an ideal solution for Czechoslovakia to cede the regions with a German-speaking population. But those regions not only had economic ties with the rest of the country, ties that could not be severed without disastrous results, but they were also inside the main Czechoslovak defences. These defences were of great natural strength and could not be replaced by any others, both because there was no region of mountain and forest further back in the interior of the country, and because the German frontier—and therefore the German defences—would be brought within easy striking distance of Prague, Pilsen, Brno and other industrial centres, railway junctions and strategic points. As we have seen, the *Anschluss* reduced Czechoslovakia's power of self-defence by putting Germany in a position to turn the Czech "Maginot line". The Czechs might, in time, have given artificial strength to the region opposite Vienna in

* See Document No. 12, p. 203 below.

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the south, as they had to the so-called "Moravian gap" in the north. But with their Maginot line in German hands, they would, in the words used by the *Manchester Guardian* at the time, be "like a hermit crab without its shell".

Nevertheless, the Czechs were urged by the western Powers to accept this solution; and in fear that they would be left to face a German invasion unaided, despite their alliances with France and Russia, they submitted.

But Herr Hitler, in accordance with the strategy he had employed throughout, increased his demands. Mr. Chamberlain went to see him again—this time at Godesberg on September 22. In Mr. Chamberlain's own words, broadcast on the 27th, he then demanded that the Sudetenland "should be handed over to him immediately, and immediately occupied by German troops without previous arrangements for safeguarding the people in the territory who were not German". Mr. Chamberlain added that he thought "this attitude unreasonable".* These demands, usually referred to as the "Godesberg ultimatum", were accompanied by a map which disclosed their precise nature.† Indeed, for the first time it was made clear what Herr Hitler really wanted. The frontier claimed by him reached far beyond the borders of those districts where there was a Sudeten German majority and included so many points of industrial and strategic importance, many of them inhabited almost entirely by Czechs, that the intention, not only to unite the Sudeten Germans with the Germans of the Reich, but to secure complete domination, political, economic and strategic, over Czechoslovakia was plainly revealed.

The rest of the story is well known and need not be recalled in detail. The Godesberg ultimatum was rejected by the French and British Governments and a European war seemed inevitable. Herr Hitler then appeared to

* See Document No. 21, p. 218 below.

† See Map No. II, p. 225 below.

CZECHOSLOVAKIA : A SURVEY

weaken a little, in so far as he offered to postpone the German final mobilisation; and conversations were therefore resumed. On September 29 the Munich Agreement was signed.* Its terms seemed more favourable to Czechoslovakia than those of the Godesberg ultimatum, and it is possible that Mr. Chamberlain believed that he had really secured an improvement. But, in their practical execution, they amounted to very much the same thing—the more detailed execution was left to the so-called International Commission, composed of the representatives of France, Great Britain, Italy and Czechoslovakia, which sat in Berlin. The Commission merely took cognisance (with occasional objections) of the German demands, which were then carried out.

Czechoslovakia has now lost a large part of her territory, her population, her wealth and her industrial resources. She is completely defenceless, and will have to reorganise her whole political and economic system on a very humble—and chiefly agricultural—basis. She is being forced into close association with Germany, an association little different from vassalage.

The frontier between Czechoslovakia and Hungary was fixed by German-Italian arbitration on November 2, with Herr von Ribbentrop and Count Ciano presiding over the Arbitration Committee. Hungary received a population of nearly 900,000, of whom 100,000 are Slovaks and 90,000 Ruthenes. Carpathian Ruthenia loses her only two important towns—her capital, Uzhorod, and Munkacevo—her road and railway communications from east to west, and most of her mineral and agricultural resources. She has been reduced to an attenuated strip of largely barren territory that must be quite incapable of independent existence.

Poland has tried to realise her old aspiration of a common frontier with Hungary. Between them still lies the remnant of Carpathian Ruthenia. The Poles do not

* See Document No. 23, p. 221 below.

FROM HOME RULE TO PARTITION

want this remnant for themselves, because their own national minorities, especially the Ukrainians of eastern Galicia, who are akin to the Ruthenes of Carpathian Ruthenia, are so intractable that an increase in their number would intensify the danger of internal disruption in Poland. The Poles therefore wish the Hungarian frontier to be extended to their own, and not their own to the Hungarian. They would also like Slovakia to be an autonomous province within the frontiers of a "greater Hungary". For the time being, Slovakia and the remnant of Carpathian Ruthenia are provinces with an autonomy that loosens, without actually dissolving, their ties with the rest of Czechoslovakia. In Carpathian Ruthenia the executive is still mainly in Czech hands. It is likely that Slovakia (with the important town of Bratislava) will retain her present status. It now seems very doubtful whether Polish wishes with regard to the remnant of Carpathian Ruthenia will be satisfied.

One thing is certain—Germany is master of Czechoslovakia, and she has an unchallengeable preponderance in central Europe. The future status of all coveted or disputed regions will ultimately be determined by her. Hungary has acquired extensive and valuable territories, but her own independence is becoming problematic. Nor is it at all certain that Poland, Rumania, and even Yugoslavia can themselves avoid becoming vassals of Germany sooner or later.

OVERSEAS REACTIONS TO THE CRISIS

I. THE UNITED STATES OF AMERICA

THE effects of the post-Munich situation, which loom as significantly over the United States as they do elsewhere, are discussed at length in the American article in this issue of THE ROUND TABLE. The American reaction to the Munich settlement, like that in many other parts of the world, was one of deep immediate gratitude and relief which turned into bitter disillusionment.

The writer was lucky enough to be travelling in the mid-west during the entire crisis, making a survey of opinions and trends. During the whole summer, of course, Americans had been intently watching the gathering storm over Czechoslovakia. Newspapers had been full of the crisis; the radio hummed with news and views from the European capitals. Then, suddenly, came the British Prime Minister's flight to Berchtesgaden, and he carried with him the warm hopes for success of most Americans. Americans were excited and aroused by the bold step: they were prepared to recognise once more the extempore genius of British diplomacy.

Came the first dénouement—the Anglo-French plan for cession of parts of Czechoslovakia to Germany. Immediately an immense preponderance of American opinion roared disapproval: recognising, perhaps, that this American advice-giving rôle was an irresponsible and egregious one. Then came the interval before Godesberg—a period in which opinion in France and Britain, as in America, indicated that it would support (for what it was worth) a stronger line against Herr Hitler. Then

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Godesberg itself, and the news that Mr. Chamberlain had been horrified at the enlarged German demands. With his emotion, American opinion agreed emphatically. After Godesberg, and before Munich, Mr. Chamberlain was a hero in the United States. His little speech to the British nations—carried on almost every radio station in the United States—and his address to the House of Commons were fervently applauded here. Not since 1918 had British statesmanship stood so high in American opinion.

Next came Munich, with American opinion watching with high hopes. Came President Roosevelt's interventions, which were made with overwhelming support here. At this juncture, the United States would have accepted even stronger governmental action, and perhaps threats looking in the "quarantine" direction. And the announcement of "peace" evoked, in a degree, the relief and the letdown which meant so much more to the European peoples.

But when it appeared that at Munich Herr Hitler had really achieved the substance and perhaps more of the Godesberg demands, and that Czechoslovakia was being summarily dismembered without a reassuring European settlement in compensation, and that the power and might of Nazi Germany were now towering over Europe and even the world, then sharpest reaction set in.

One week after the Munich settlement, it would have been difficult to find representative newspaper support in the United States for the bargain that had been made. There was a good deal of sympathy with the plight in which Great Britain and France were landed. As to the inevitability of the plight, opinion was sharply divided. Some felt that at no time was adequate firmness shown to Hitler; others accepted the explanation that the military situation was hopeless for the democracies. The statement attributed to Colonel Lindbergh of the weakness of the Russian and strength of the German air forces did not greatly impress American opinion.

OVERSEAS REACTIONS TO THE CRISIS

Special writers in the American papers, like Mr. Walter Lippmann and Miss Dorothy Thompson, were almost without exception violently critical of the Munich settlement and the Chamberlain position. Day after day, they and the editorial writers and the American correspondents in Europe played up the brutal proceedings of the Sudeten Committee in Berlin and their application on the soil of Czechoslovakia. Daily, too, the newspapers and the radio stressed the loss of moral authority and prestige which Great Britain was declared to have suffered. And American opinion, having a steady diet of this sort of thing, spurred by its own natural sympathy with the little nations, felt an isolationist revulsion that has not been matched since 1920. Still to this day people are inconsistently grateful that war was averted, even though they complain bitterly at the price. 80536

Meantime, the effects of Munich in this hemisphere are being worked out by the American Government. Actual relations between the Government and Downing Street have not been impaired by the sentiments of public opinion, exacerbated as they are by reaction and passion. There exists in the State Department, as well as in certain distinctly limited quarters of informed opinion, a genuine sympathy with the appeasement policy and a real comprehension of Mr. Chamberlain's difficulties. As time goes on, it may well be that this understanding will replace the immediate disillusionment and that, on balance, the American people will find a place somewhere half-way between the positions of Mr. Winston Churchill and of the Prime Minister. A plea for such understanding was recently made in a leading article in *The Christian Science Monitor*, no doubt a step or two ahead of public opinion, in these hopeful and wise words :

It should be plain that bitter criticism of Britain's course will not now serve the common interest. Surely it is unjust for those who have been unwilling to risk even a small measure of co-operation in defense of democracy to indulge in thoughtless remarks about those who have stood in the front lines. And

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it is unwise when the need for co-operation is increasing. If there is need for understanding and appeasement as between the dictators, clearly there is need as between the two greatest democracies. We believe the American people are making an effort for such understanding and that as they come into closer touch with the situation in Europe, events will carry them—within certain limits—to a more active co-operation with Britain.

Soon after these words appeared reassurances were published that the Anglo-American trade agreement was surviving last-minute threats and was practically ready for signature. On a basis of this agreement, embracing a bigger trading area than has been tied into the American market in Secretary Hull's seventeen previous agreements, American public opinion may well find its way to a new understanding of British policy. And the democracies may have taken the first step toward the redemption of the post-Munich world.

United States of America,
October 1938.

II. INDIA

IN February last the Indian National Congress passed a resolution at Haripura deploring the tendencies of British foreign policy, which were declared to be encouraging Fascist aggression in Europe and the Far East and leading to war. The resolution proceeded :

India can be no party to such an imperialistic war, and will not permit her man-power and resources to be exploited in the interests of British Imperialism. Nor can India join any war without the express consent of her people.

This statement was more academic than practical, since at the time there was no immediate threat of war. As the European situation deteriorated through August and September, political leaders began to consider the position of India more seriously. During debates on army recruitment and defence in the Central Legislative Assembly, the Congress party leader, Mr. Bhulabhai Desai, stated

OVERSEAS REACTIONS TO THE CRISIS

categorically that it would be impossible for India to be party to any war in which Britain might be involved, because to support Britain would be to support the Power which kept India in subjection. Mr. Jinnah's Muslim League group was more cautious, but rigorously objected to India being involved in any war, or to Indian troops leaving home shores, without the country's consent.

While matters in Europe went rapidly from bad to worse, the Working Committee and the All-India Congress Committee together with the Premiers of Congress-governed Provinces met in Delhi. Pandit Jawaharlal Nehru from London devoted himself to telling India of Czechoslovakia's courageous resistance as a democratic country to the dictates of force, and from the Haripura resolution it followed that Congress sentiment would favour such resistance. Mr. Gandhi, however, further confused the issue by his increasing and strongly expressed devotion to non-violence in word and deed. Finally, the Working Committee decided to remain in session pending developments, and procured authority from the All-India Congress Committee to deal with any situation. It passed a resolution expressing sympathy with the Czechs, although it is by no means certain that the Congress would have translated this sympathy into action in the event of war. One is entitled to conclude that the matter was deliberately left vague so as to allow freedom of action to suit the exigencies of changing circumstances.

Several Congress leaders were undoubtedly loath to let slip the opportunity to drive a constitutional bargain with Britain in the event of war, and although Mr. Gandhi denied the intention, his own ideas of non-violent support to the Czechs were rather above the heads of many of his more practical colleagues. The imminence of war naturally required precautionary measures. Even before the public realised how serious a turn international affairs had taken, the Defence Department of the Government of India had been examining the emergency organisation. Special steps were taken to provide liaison with other Departments

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of Government, and programmes of procedure to meet any constitutional contingency were drawn up. More was done, it is claimed, in six weeks to rehabilitate the machinery of security than had been done in the past twenty years. From that point of view the experience gained was regarded as a blessing in disguise.

Nor were Provincial Governments indifferent. Whatever views or decisions might be adopted by the All-India parties, the autonomous Cabinets, particularly of those Provinces with vulnerable seaboard and ports, did not neglect their responsibilities. Anxious enquiries were made of the Home and Defence Departments of the Central Government as to what local administrations were expected to do and when they should do it. Even in Congress circles Ministers at least did not seem to anticipate any abrupt departure from office or opposition and obstruction in respect of emergency measures. Any question of bargaining about federation or about the control of defence was left strictly to the discretion of the Congress "High Command". The Muslim League officially took no line on the issue until afterwards, when practically the only reference was a somewhat crude warning uttered at Karachi about the possibility of India's Muslims being forced to imitate the Sudeten Germans in turning to outside aid for the protection and assertion of their rights.

Meanwhile the traditionally loyal and martial elements had rallied unhesitatingly at the first hint of danger. Led by His Highness the Maharaja of Bikaner, some seventy of the Princes early informed the Viceroy that the forces and resources of their States were at the disposal of the King-Emperor. The Premier of the Punjab, Sir Sikander Hyat Khan, made a similar declaration on behalf of the Province from which comes the greatest proportion of the Indian army. It is probably true also that war was not an unattractive proposition to many agricultural districts, hopeful of the economic effects.

OVERSEAS REACTIONS TO THE CRISIS

In general, the interest taken in the course of events was widespread, but objective. There was little or no thought of the position of India should hostilities break out: a sense of detachment and remoteness persists. Yet there was ample discussion of the rights and wrongs. At first the journeyings of Mr. Chamberlain evoked reserved approbation; but not so the final settlement at Munich. The Indian-owned press unanimously condemned "a peace at the cost of justice" and the "betrayal of a democracy into the arms of Fascism".

India,

October 1938.

III. IRELAND

SPEAKING in Geneva as President of the League of Nations Assembly on September 30, the day after the Munich Agreement, Mr. De Valera declared that the nations had been brought to the edge of a precipice and had shrunk back, appalled by the ghastly aspect of what they saw in the abyss. As a matter of fact, no country had more to fear from that vision than his own, for none of those likely to be involved was less prepared. One has only to look at the map to realise that Ireland could not remain neutral in a major war in which Great Britain was engaged. Even if an Irish Government declared its neutrality and this status was recognised by the belligerents—a large supposition in itself—the pressure of events would quickly drive Ireland into the vortex. Inevitably and at once Great Britain's purchases of food supplies from Ireland would increase because of the enormous advantage to be derived from proximity. Our great natural harbours would also very soon become essential bases for the British fleet and air force engaged in protecting the western approaches to Great Britain against combined submarine and air attack. Such an attack, it cannot be doubted, would be fiercely made even in the early stages of a war.

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Moreover, the great progress of aviation since the last war has made Ireland easily accessible to the aircraft of any hostile continental Power, and though this island might not at first be worth their attention, it would inevitably become so as the struggle developed. Dublin—which is the bottle-neck through which Irish food supplies would pass to Great Britain and the chief distributing centre in the country—would then become an obvious target. The Shannon electric power-house at Ardnacrusha would be another tempting objective.

Unfortunately the Irish public has not been prepared for these possibilities, although the danger of a European war has been obvious to informed opinion for some time. The Irish Government itself, although it should have been fully alive to the situation, had apparently formulated no definite policy for adoption in the event of war. Speaking in the Dail on July 13 during a debate on external affairs, Mr. De Valera admitted that the Government had no considered policy on defence save that it had no commitments and would keep out of war if it could, but he agreed that owing to the withdrawal of the British garrisons from our harbours we were now in a position to approach the whole question from a new angle. In fact, when the international crisis came to a head in the middle of September, the fortifications at Berehaven and Lough Swilly had not yet been evacuated and the process had to be completed in haste, thus placing an additional strain on our small military establishment. At the same time the sum of £10,000,000, which the Irish Government under the London Agreement undertook to pay before November 30, was paid over to the British Government.

Our regular army, which is insufficiently equipped but efficient, has an establishment strength of approximately 600 officers and 6,000 men; but this is supported by a non-permanent volunteer force of doubtful military value, at present numbering on paper about 16,000 men. The air force consists of only two squadrons. These forces would

OVERSEAS REACTIONS TO THE CRISIS

obviously be inadequate to deal with any serious attack from the sea or air, and could only hope to operate successfully in combination with the British navy and air force. By themselves they could not for long prevent a major Power from using Ireland as a base for attacking the western communications of Great Britain.

Those in authority here apparently believed that in the event of war it would be possible to make a bargain with Great Britain by which the residual powers now exercised by Great Britain over Northern Ireland would be handed over to the Irish Government in exchange for its active support.* Such a belief would not long have survived an attempt to put it to the test. Its inevitable failure would not only have embittered relations between the two countries, but would have presented the extreme elements both here and in Northern Ireland with a splendid excuse for making trouble.

As soon as the crisis arose, Miss Mary MacSwiney, one of our most consistent Republicans, was not slow to point out in letters to the press that Mr. De Valera was wasting time and money wining and dining at Geneva, instead of leading the small nations in a crusade against the imperialist designs of England, which sought to maintain the partition of another country and to help Russia in spreading Communism. She demanded that we should remain truly neutral and help neither England nor her enemies. If, she said, Mr. De Valera thought he could make Ireland safe for England, he would have a rude awakening.

It was not only in the military and political fields that we were totally unprepared. No attempt had been made to provide an A.R.P. organisation, and no provision had been made for reserves of food or petrol. It was only at the eleventh hour that schemes were improvised to deal with these essential matters.

On the other hand there was every indication that the Irish Government was in close consultation and complete

* For further reference to this proposal see p. 115 below.

IRELAND

accord with the British Government during the entire crisis. This was clear from Mr. De Valera's meeting with Sir Thomas Inskip, the British Minister for the Coordination of Defence, on September 8 in London when on his way to Geneva, from the constant visits of Mr. Dulanty, the Irish High Commissioner, to Downing Street throughout the crisis, from Mr. De Valera's messages to Mr. Chamberlain approving of his efforts for peace, and from the fact that he called on Mr. Chamberlain when returning to Ireland on October 5. In an interview with Reuter on September 16 he warmly commended Mr. Chamberlain's visit to Herr Hitler and said that, whilst no one who knew the situation could deny that a just solution was difficult to find, good will on both sides would recognise this and, realising what another world war would mean, would try to find the best solution possible in the circumstances. Finally on September 27, when war seemed inevitable, he wired to Mr. Chamberlain the following message of encouragement,

Let nothing daunt you or defeat you in your effort to secure peace. The tens of millions of innocent people on both sides who have no cause against each other, but who are in danger of being hurled against each other, with no alternative to mutual slaughter are praying that your efforts may find a way of saving them from this terrible doom.

Public opinion in Ireland almost unanimously approved of Mr. Chamberlain's attempts to secure peace and hailed his success with relief and gratitude. Many people were inclined to criticise Mr. De Valera for being absent from Dublin at such a critical time, but, having been elected President of the League Assembly on September 12, it is difficult to see how he could have returned to Ireland until its deliberations were concluded. At the opening meeting of the Assembly Mr. De Valera dwelt upon the agony of war and the almost invariably unjust character of war settlements. He urged them to lend their moral support to all those who strove to find a just and peaceful solution for the immediate international difficulties. In conclusion

OVERSEAS REACTIONS TO THE CRISIS

he expressed what proved to be a prophetic hope, that when the Assembly closed, the immediate dangers would have passed and a beginning been made for the eventual calling of a peace conference upon the basis of justice which the peoples of the world wanted, and which was possible before a war, but scarcely ever possible after one.

During the debate on sanctions, Mr. Hearne, on behalf of the Irish delegation, made it clear that, until a satisfactory system of collective security was established, the Irish Government reserved to itself the right to determine who was an aggressor, and would not involve itself in any obligation to take action on the basis of the League's decision alone.

Unfortunately Ireland cannot remain a disinterested and aloof spectator of the European drama. Our position, our history, and our ideals all forbid such a solution. Nevertheless, as Dr. T. F. O'Higgins, T.D., the brother of our great statesman Kevin O'Higgins, has recently pointed out in a powerful letter to the press on October 8, our Government, almost alone in Europe, was totally unprepared to meet the crisis. It had no policy, no plan, no suitable defence equipment, and no gas masks. Just on the eve of the possible outbreak of war officers and civil servants were sent in a panic to London to purchase aeroplanes, anti-aircraft guns, and gas masks, which were, of course, almost impossible to obtain. Our only sure shield against attack was, in fact, the British navy and air force. It is to be hoped that we shall not be left in this fool's paradise, for it may well be that the evil day has only been postponed.

Ireland,

October 1938.

IV. CANADA

THE events of September in Europe were so startling and unprecedented, and the various crises succeeded each other with such bewildering rapidity that the task of

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analysing the movement of opinion in a North American community three thousand miles away from the seat of the trouble is not an easy one.

As regards the background of these events, Canadians generally speaking were very ill-informed on the Sudeten German minority question, and though the "near-crisis" of May 21 following so closely on the annexation of Austria, gave a clear warning of what was to be expected, the country was undoubtedly bewildered by the turn which events so suddenly took in early September. It was quickly realised that the chief issue was not the question of justice for the Sudeten Germans, but the infinitely more serious one of whether that problem was to be settled by force or the threat of force. Of such a solution there was the same universal detestation here as in England. As in England, too, there was inexpressible horror at the thought of war and corresponding relief when peace was assured. As regards the course taken by the British Government, there was, with negligible exceptions, a universal belief that it was to be explained in terms of a disinterested love of peace and a determination that recourse to war to settle a question which had already been settled in principle should be avoided at all costs. In other words, there was little disposition, as in certain quarters in England, to suspect Mr. Chamberlain and his colleagues of undue friendliness to dictators or undue belief in the desirability of maintaining dictatorships in Europe as a bulwark against Bolshevism. The chief criticism, from "die-hard" League of Nations adherents like the *Winnipeg Free Press*, and from the Left generally, was that this crisis was the logical and inevitable result of the failure to live up to League principles in dealing with the Manchurian, Abyssinian and Spanish crises, and that those principles had been betrayed once more in that a flagrant aggressor had been permitted to triumph.

But of course the interesting question is not how Canada felt, but what she was prepared to do. It will be recalled

OVERSEAS REACTIONS TO THE CRISIS

that, so far as the Government was concerned, it remained silent until Mr. Chamberlain made his broadcast statement on September 27, and then announced its complete agreement with his statement that war over the question of the procedure to be followed in working out a settlement which had been agreed upon would be grotesque, but that an attempt to dominate by force or the threat of force should be resisted. This presumably meant that if war had come in spite of the British, French and Czechoslovakian agreement to the application of the principle of self-determination and Britain had been drawn in, the Government would have recommended to Parliament that Canada should support her.

In these circumstances two questions arise—first, why did the Government remain silent so long as it did? and second, when it spoke, did it speak the mind of the Canadian people?

As regards the first question, it must be recognised that the question of participation by the side of Britain in a European war is a highly controversial one in Canada. It is not merely that the percentage of British in the population has sunk to 50, and that the 50 per cent. non-British ($33\frac{1}{3}$ per cent. being French and the remainder European, American, Jewish and Oriental) have no racial or sentimental tie with Britain. Moreover, even among the British half of the population there is less and less trace of the old "colonial" attitude that Canada's duty was to fight for Britain. The country will fight, just as will any other country, only when it feels its vital interests are at stake, and it will be because it feels that Britain is fighting for a cause in which Canada believes. Canadian attitudes should be analysed from this point of view. Several groups holding variations of it may be distinguished:

1. Vociferous imperialists—their number is decreasing—who believe every British cause is automatically a Canadian one and that Canadian interests will be defended by unquestioningly accepting British policy wherever it may lead.

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2. The great mass of English-speaking Canadians, who believe that British influence has stood on the whole for law, order, and decency in the world, and that despite any criticisms which may be levelled at British imperialism, the maintenance of British power and prestige are matters of essential importance to Canada. They appreciate the extreme difficulties confronting British statesmen, but they are puzzled by the apparent vacillation of British policy. They are willing to accept the fact that the British Government would not until the last moment commit itself to fight for Czechoslovakia, but they do not see why Canadians—or Americans for that matter—should be criticised for similarly refusing to commit themselves to fight automatically in a European quarrel.

3. A scattering of English-speaking isolationists, who believe that Canadian interests can never be served by supporting English policy in Europe. Their number has been decreased if anything by the crisis.

4. The French-Canadians who approach the question of Canada's participation in a war in which Britain has become involved from an entirely different angle. In addition to dominating Quebec, they are numerous and influential in New Brunswick, Ontario, Saskatchewan and even Alberta. Their starting point is that the sole duty of the citizen is to Canada, and that military action by Canadians should be limited to the defence of their own country. Thus, the support of Quebec for last year's very moderate increase of expenditure on the country's equipment for war was only secured by representing it as intended strictly for defence purposes.

As regards the remaining 16 or 17 per cent. of the population, there is no particular link with the Mother Country, and the tendency is for a North American, isolationist attitude to be adopted.

In these circumstances, it is not difficult to understand the hesitation of the Government to make any clear-cut declaration of policy prior to September 28. Its problem

OVERSEAS REACTIONS TO THE CRISIS

was clearly very different from that of the Governments of Australia and New Zealand, with their homogeneous British populations. To many Canadians both of the Right and of the Left it seemed highly regrettable that at a time when it appeared that Canadian support might have been helpful, Canada's voice was not heard. Could not the Government, without breaking its pledge to consult Parliament before taking the country into war, announce its intention of recommending to Parliament that Canada should stand beside Britain if Herr Hitler turned his back on reason and chose the course of violence? The Government presumably felt that, however helpful might be the support of a united Canada, a disunited Canada would be of no assistance to Mr. Chamberlain in preventing war, and of diminished value to the Empire in waging war if war should come. It will be admitted that the first duty of a government which is faced with the possibility of war is to take its people into the war as united as possible, and in the present case there was sound reason for believing that for the Canadian Government to have announced a policy of giving Mr. Chamberlain a blank cheque would have been to precipitate violent dissension within Canada. On the other hand, it was no doubt in the mind of the Government that an actual state of war would at once vastly strengthen the attitude of those already favouring participation and tend to silence the dissenters. It was presumably for reasons such as these that the Canadian Government kept silent, and it would be difficult to say that its decision was unsound.

The second question then arises : when it spoke did it speak the mind of Canada ? From what has been said it follows that, so far as the imperialists of the Right and the trades unionists, collectivists, socialists, and communists of the Left are concerned, there was complete agreement with the Government's course. At that stage, and especially after Mr. Chamberlain's broadcast, there was widespread, though withal sad and sober, willingness to

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follow Britain if war came. Thus the *Toronto Star*, which is by way of speaking from the Left, had "no doubt whatever that Canada, as a member of the British Commonwealth of Nations, would join with the Mother Country in prosecuting such a war to a successful conclusion"; and the same view was taken, almost without exception, by the English-speaking press throughout the country. As for French Canada, it is impossible to be dogmatic. While there was little or no demur to the Government's declaration of complete agreement with Mr. Chamberlain's statement of policy, it is impossible to know what the French-Canadians regarded as the implications of the declaration. Certainly it would be rash to assume that French-Canadian silence signified approval of a Canadian policy of active participation in the war that might have come. And at least one influential French-Canadian journal has been saying since Munich that the British Empire has obviously fallen from its high estate and that the logical course for Canada is to draw away from a political organisation which has had its day. On the other hand, at a recent meeting of a Catholic Youth organisation in Quebec, there was all but carried a resolution condemning aggressors in the strongest terms and advocating collective action to put them down. Then, too, there is the fact that the French-Canadian leaders in federal politics were parties to the Government's declaration, which presumably means that they felt confident of being able to carry their people with them if war came. Finally there may be some significance in the fact that the French-Canadians made no move to suggest following the American precedent of passing neutrality legislation.

As regards the remaining 16 or 17 per cent. of the population—that is northern, southern and eastern Europeans, Americans, Jews, and Orientals—a fair percentage of them have become assimilated and would go with the majority, and in any case they do not constitute a compact, homogeneous, and vocal group as do the French-Canadians.

OVERSEAS REACTIONS TO THE CRISIS

Enough has perhaps been said to show how difficult it is to know what "the mind of Canada" was, and is, on the question of participation in a war of the kind which has just been avoided. While there can be no reasonable doubt that Parliament would have approved the recommendation of active participation which the Government presumably would have made if Britain had been drawn into such a war, it does not follow that the whole-hearted support of the French-Canadian third of the population could have been counted on, particularly if the Canadian contribution took the form of sending troops to fight overseas.*

Canada,

October 1938.

V. AUSTRALIA

IT would be misleading to speak of "Australian public opinion" on the Czechoslovak problem during the period of the negotiations, for there was no united, unambiguous national attitude to the crisis, although its phases were followed in an agony of suspense. Some of the organs of public opinion adopted a definite line throughout, but newspaper and other comment mostly reflected the apprehension and indecision of the ordinary citizen, who felt that events were moving in a direction that he dreaded, under the impulse of forces of which he had no control and little understanding. The basis of this confusion was to be found partly in a limited knowledge of the problems of central Europe, and the absence of statements by Australian politicians which might have given a definite lead to public feeling, or indicated the proper rôle of Australia in the crisis. Even in retrospect, the solution of the crisis appears to some as the answer to prayer, and to others as a work of the devil. The most positive effect of the whole episode on public opinion is the marked renewal of attention to two problems—namely, national defence, and the rôle of Australia in British foreign policy.

* For an examination of the probable effects of the crisis upon Canada's foreign policy in the future, see below p. 149 *et seq.*

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Although the general level of education in Australia on international affairs has been steadily rising in recent years, the problems of Czechoslovakia remained a closed book to most Australians. Vagueness as to the boundaries of Czechoslovakia, and how the name should be pronounced, were coupled with complete ignorance of the centuries-old conflict between Slav and German in Bohemia. On the other hand, the probable expansion of Germany under Herr Hitler's leadership had been a matter for frequent comment and discussion.

In view of the general expectation that the Nazi Rally at Nuremberg on September 5 would be the occasion for a critical decision by Herr Hitler, the Commonwealth Government, on September 2, cabled to the Government of the United Kingdom, stating that it "strongly supported the policy set out" in the speeches of Mr. Chamberlain and Sir John Simon, on March 24 and August 27 respectively.

The United Kingdom Government was also informed (Mr. Lyons later told Parliament) that the Commonwealth Government urged that the Government of Czechoslovakia should not delay in making a public announcement of the most liberal concessions which it could offer, and that representations should be made to the Czechoslovak Government with a view to securing an immediate public statement of such concession.

As the situation deteriorated, the general tenor of press comment was that the decision as to whether Europe should be plunged into war lay with Herr Hitler. It was with astonishment that Australians learned of Mr. Chamberlain's dramatic flight to interview the German Führer at Berchtesgaden on September 15, and the press united to praise this "courageous and inspired act of statesmanship". The *Sydney Morning Herald*, which, in the curious company of the extremely radical *Labour Daily*, has been advocating a firm line in dealing with dictators, was at pains to argue that Mr. Chamberlain's step did not betoken any weakness in Britain's attitude; indeed, that it provided the opportunity to make it clear to Herr Hitler that Britain would not stand aside if France were involved in war, despite Herr von

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Ribbentrop's scepticism on this point. The rest of the press, however, did not go so deeply into that issue.

The publication of the Anglo-French proposals, involving the cession of large areas of Czechoslovakia, came as a painful shock to most Australians; Lord Runciman's letter of September 21 was not made public in Australia until September 28, and even then received little attention. The *Sydney Morning Herald* was frankly hostile to the proposals and regarded them as a blow to British honour and prestige. The *Labour Daily* quoted them as proof of Mr. Chamberlain's love of Fascism. But the remainder of the Australian press repudiated the criticism of the British Prime Minister which their cables recorded. "It is to be noted", wrote the *Brisbane Courier-Mail*, "that the most bitter criticism outside Czechoslovakia is offered by those whose words are weighted with least responsibility."

It is difficult to estimate the extent to which editorial comment reflects or, on the other hand, influences public opinion. Nevertheless, it seems certain that there were substantial groups in the community whose views were represented by these newspaper opinions. But in addition there was a large group which felt doubtful as to what its attitude should be, and was certain only of one thing—namely, that the Czechs would not accept such drastic proposals. When they did accept, their action was applauded by all sections of the community for its nobility, although the probability that it was a concession to British and French pressure tempered enthusiasm. Then, as Godesberg followed Berchtesgaden, and hopes for a peaceful settlement faded, the pros and cons of the Anglo-French proposals became less important than the question of Australia's rôle in the likely event of war. Most of the press proclaimed that the nation would stand solidly behind Britain, but a discordant note came from some important Labour circles. Mr. Lang had already declared the attitude of his section of the Labour party in New South Wales, on September 16. "Our people", he said, "are determined

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that Australia must be kept out of European wars at all costs. The Labour party must prepare itself to organise the Australian people against participation in a European war." Mr. Forgan Smith, the Queensland Labour Premier, said he was opposed to all dictatorships, but would not support a war outside Australia. On September 27, the Federal Labour leader, Mr. Curtin, declared in Parliament that the Labour movement would oppose any move to send an Australian force overseas. The industrial wing of the movement, however, both in Sydney and in Adelaide, had demanded a declaration by Australia "of support for Czech independence against Fascist aggression and for peace by collective security", the policy adopted by the *Labour Daily*. This led the *Sydney Morning Herald* to find gold where it had never previously thought of searching.

The real heart of the Labour movement lies, we may feel, not in Mr. Curtin's vain cry for a stay-at-home policy, but in the attitude of the Labour newspaper in Sydney, whose "reply to Fascism's threat of war is to offer wholehearted support to Great Britain in a stand for democracy, liberty and collective security".

Herr Hitler's ultimatum to the Czechs was to expire on September 28 at 11 p.m. (Sydney time), and Mr. Lyons chose this hour for his first Parliamentary statement since the crisis entered the acute stage. His review of events, which received scant attention in the press, was described by Mr. Curtin as "a most extraordinary anti-climax", providing "no additional information". But the Prime Minister did table the text of the documents that the British Government had published.*

The following day brought news of the proposed Four Power meeting at Munich, and Mr. Lyons disclosed to Parliament that, prior to the announcement of the Conference, the Commonwealth Government had urged that Signor Mussolini be asked to make a personal appeal to Herr Hitler, and offered the services of the Australian High

* See Appendix below, p. 203 *et. seq.*

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Commissioner to fly to Rome with a personal message from Mr. Chamberlain to Signor Mussolini. Mr. Chamberlain had intimated "that he was at the moment considering action of this nature". Mr. Lyons further assured the House that the Commonwealth had been kept fully informed of Mr. Chamberlain's negotiations and added, "We have made such suggestions as we believed would be helpful, and which we believe have been helpful at various stages of the dispute".

Meanwhile, the State Premiers had been hurriedly called to Canberra for a Premiers' Conference, but within a few hours of their arrival news came through that the Four Power Agreement had been signed. The criticism of the settlement came from many angles. Some deplored this latest defeat for democracy; some saw a mere postponement of a war less escapable and more horrible because of its postponement; some felt conscious of a betrayal of Britain's honour.

The centre of interest has now passed to the problems that remain. The future of Britain as a world power, Australia's rôle in British foreign policy, the defence of Australia, and her attitude towards refugee immigrants.

Some reflection of current opinion may be found in the debate in the Commonwealth Parliament on October 5, following the tabling of the text of the Munich Agreement. Mr. Curtin again expressed astonishment at the paucity of information from the Commonwealth Government regarding its policy during the crisis, and repeated the official Labour view that Australians should not be recruited for service overseas in time of war. But he drew the moral that "we need to do more in ensuring the impregnability of Australia against attack", and advocated co-operation between all Australian governments "in respect of the civil and industrial side of defence". Speakers from both sides of the House supported this. Mr. Menzies, the Attorney-General, aroused interest by a speech in which he said that Parliament in the past had "had rather too little discussion

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of foreign affairs", and that while Australia should not set up an independent foreign policy of her own, we should nevertheless "have minds sufficiently informed and sufficiently strong, positive and constructive, to be able to say useful things at the right time to the Government of the United Kingdom". He suggested that there was a trend in this direction. Mr. Menzies also stated again the view that Australia could not be neutral if Britain went to war, but that Australia could nevertheless decide the extent and form of her participation in the war.

Another point was raised on October 6, when the Minister for External Affairs was asked in Parliament whether Australia had been approached concerning guarantees of the new Czechoslovakian frontiers. Mr. Hughes replied in the negative and added that the Government did not intend "to take any part in the matter". But there is still some uncertainty as to what this would imply if Britain had to act to protect Czechoslovakia's frontiers, and the problem of Australia's rôle in British foreign policy is not yet settled.

VI. SOUTH AFRICA

WHAT would be South Africa's position in the event of Great Britain being involved in war? It might have been expected that the local reactions to the recent European crisis would have facilitated an answer. In fact, the issue is hardly less obscure than before. The controversy as to whether South Africa as a sovereign independent State can or cannot be involved in war, even as a passive belligerent, save on the authority of its own Parliament, and the complementary question of the degree of South Africa's participation (if any) in a war in which Great Britain was engaged, have been debated with growing earnestness as the crisis developed.

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For some time now the main Opposition party, the Nationalists, have been pressing for a declaration of South Africa's neutrality in any war that may break out. On the other side, the Dominion party, standing as it does for the conception of South Africa as an integral indivisible part of the British Empire, has declared that South Africa must pledge in advance its full active support to Great Britain in any war, and to that end must participate in a general scheme of imperial defence.

It was against this background of party strife, and at a time of increasing menace in the European outlook, that the general election took place in April and May of this year. On that occasion and since, the Government has had to assure the predominantly Afrikaans-speaking countryside that there was no real danger of South Africa being drawn into Britain's wars, while at the same time satisfying British sentiment in the towns of its essential good-will towards Great Britain.

On two occasions (the second being on August 25) Dr. Malan, the leader of the Nationalist Opposition, challenged in Parliament the public declarations of General Smuts that South Africa would promptly and of her own volition come to the aid of Great Britain in the event of war, and in view of the European situation, pressed for a clear statement of Government policy. Beyond a guarded repetition from General Smuts (given as being merely his personal view of what would happen), no such statement was forthcoming.

On the last day of the session, September 24, the morning after Godesberg, Dr. Malan returned to the charge. The situation was then most menacing; war seemed to be merely a matter of days. He insisted that Parliament should not rise without a clear statement of the Government's policy in the event of war. This time the Prime Minister replied. Again he affirmed his refusal to answer a hypothetical question. He still expected that there would be no war. After emphasising that the

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repeated assurances by General Smuts that South Africa would stand by Great Britain were specifically intended to apply to an aggressive attack on Great Britain herself by which she was endangered, he said in reply to an interjection that he would agree with that, "if only because South Africa was a member of the League of Nations. As if our obligations under the League of Nations had ceased to exist!"

On this note the Parliamentary session closed, and South Africa entered the last week of September, not only gravely depressed by the threatening war-clouds, but considerably bewildered as to what its Government's attitude would be if war came. It seemed clear that, despite past differences of opinion, the Government would be united in the view that South Africa would not automatically be at war if Great Britain went to war, that no decision would be taken without first summoning Parliament, and that in the meantime South Africa would be regarded as neutral. This would of course at once have raised all manner of difficult questions pending the meeting of Parliament, as, for instance, in regard to the internment of "enemy" subjects, the status of British ships in Union ports, and the right of the British fleet to remain at Simonstown. Moreover it would profoundly have disturbed a large section of the English-speaking people of South Africa. Some members of the Government might well have found their position untenable.

But while that much was clear, it was by no means evident what the Government would have advised Parliament to do in the event of Great Britain having associated herself with France and Russia against Germany in defence of Czechoslovakia. The Cabinet met in Pretoria on the morning of September 28, the day of Mr. Chamberlain's announcement of the decision to hold the Munich Conference. It appears to have come to no decision as to its attitude, save that Parliament would have to be summoned if war broke out. It would seem, then, that one of the

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incidental effects of the Munich agreement was to save the South African Cabinet from the threat of disruption and the Union from the development of an exceedingly delicate political situation. The opportunity of exploiting that situation was being awaited with avidity by the Nationalist Opposition.

South Africa, then, had special reasons for relief and satisfaction when it learnt that peace had been saved. As the situation developed the desire for the maintenance of peace came more and more to be its dominant interest. There was a certain amount of feeling for Czechoslovakia as a small State threatened by a powerful neighbour, and not obtaining the support it had been led to anticipate from its allies. There was, on the other hand, a tendency for Afrikaans-speaking South Africans who had fought for their own language and cultural rights to sympathise with the Sudeten Germans. Mr. Neville Chamberlain's efforts in the cause of peace were naturally followed with sympathy and good-will. To-day that is still the majority view, but there has come into existence a considerable body of criticism and questioning, and there is much uneasiness as to the future. There is a deep-rooted feeling that Czechoslovakia was in effect betrayed by those in whom she had been led to put her trust; there is a sense of revulsion at the thought that the mailed fist of the dictators has again prevailed to so large an extent; there is considerable scepticism as to the value of Herr Hitler's assurances and the prospects of an enduring peace being indeed secured; there is a tendency to emphasise the contradiction between Mr. Chamberlain's acceptance of those assurances and his insistence on the necessity of intensifying the policy of rearmament.

But what comes nearest home to South Africa is the question of the Colonies. The ground has been prepared for Germany to raise the question—it is clear that soon she will raise it. The reference in Mr. Chamberlain's first speech in the House of Commons to the matter caused

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keen apprehension. Many people in South Africa fear more than anything else the prospect of Germany—especially Nazi Germany—being installed again on their borders in South-West Africa. Therein they are actuated not merely by considerations of their own security, but also by the thought of the possible plight of the men and women of South African birth who have gone to the mandated territory, and outnumber those of German birth by two to one. Moreover South Africa fears hardly less a Germany installed within bombing distance in Tanganyika. On several occasions the suggestion has been mooted, especially by Mr. Pirow, that Germany's claims might be satisfied somewhere else in Africa. But this of course would involve sacrifice by another Power which would have its own interests to consider, and Germany in its present mood is not likely to be easily bought off. If Germany is to press its claim to Tanganyika, will Great Britain be disposed to concede it, and what influence could the Union exert to prevent it? If Germany is to demand South-West Africa, what support can the Union expect in resisting the claim? These are questions agitating many minds in South Africa to-day.

It is therefore not entirely to be wondered at that people in the Union are now beginning to think that the Czechoslovakian issue was not so remote and abstract from the South African point of view as until recently they believed it to be.

VII. NEW ZEALAND

THE crisis found New Zealand a few weeks from a general election that was being fought with unusual keenness, and the campaign went on virtually unaffected while the fate of civilisation visibly trembled in the balance. The last session of Parliament closed "in a spirit of good

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will", and the Leader of the Opposition offered his collaboration in the event of war. But as it was the fight never slackened. The crisis seemed to affect the campaign in one notable direction only: that certain attempts were made to capitalise for Nationalist party purposes the fear of war and the relief that followed the Munich Agreement.

There was no doubt, however, of the keen interest and anxiety with which New Zealanders responded to the crisis. As never before, it was possible for them to follow developments, for Daventry news-bulletins were recorded and re-broadcast over the national network. These broadcasts were eagerly awaited, and the significance of each item was keenly discussed. Moreover, the Government made the interesting move of publishing the correspondence relating to the crisis as a government paper simultaneously with its publication in London. Geographical isolation freed New Zealand from the fear of immediate personal disaster which hung over European city-dwellers, but there was no lack of appreciation of what war would mean, nor was there any question that if Great Britain were to be involved, New Zealand would be too. This assumption was the background of New Zealand's thought about the matter, and was expressly defined by the Government on behalf of the whole country. The Cabinet faced the crisis calmly and temperately, and the pronouncements of the Minister of Defence, in particular, inspired a great measure of confidence that much had been done to meet in advance the technical problems that would be bound to arise with the outbreak of war.

During the depression our defence organisation was whittled away, and little provision was made for expansion later on, or for active co-operation with other members of the Commonwealth. With the deterioration in world affairs since 1935, it was natural that attention should have been paid to general problems of strategy and war-time economics, as well as to strengthening the three fighting

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arms.* So far as is known, the crisis did not lead to any important changes in policy or in the disposition of armed forces, but the Minister and his colleagues made it quite clear that the efforts made in recent years to build up administrative machinery to deal with a sudden emergency had not been made in vain.

Sea communications are of course of vital importance to New Zealand. Consequently the Prime Minister assured the public more than once that all plans worked out by the Council of Defence had been based on the principle that there should be the closest co-operation between the Dominion and the United Kingdom, not only in the organisation and operations of the armed forces, but also in the sphere of war-time economic organisation.

Public reaction to the crisis was hard to gauge. The cable news of course dominated the centre pages of the press, though it is curious that what was printed was sometimes notably less detailed and complete than the news broadcast by Daventry. During the crisis expression of opinion was almost entirely lacking. Leader-writers gave a small proportion of their space to the Czech situation, but they generally treated it in a curiously detached way. They did not discuss whether or not the Commonwealth should in this instance propose collective action on behalf of the Czechs. The New Zealand Government had previously (and in the early stages of this crisis) made clear its general policy that the Commonwealth should stand for collective security,† and about the middle of the year there had been some signs that New Zealand's apparent willingness to differ from Great Britain on problems of foreign policy might be taken up by the National party and made an election issue. But this was soon dropped. In the Czech crisis there was scarcely a suggestion in the press that New

* See THE ROUND TABLE, No. 112, September 1938, and *Contemporary New Zealand* (New Zealand Institute of International Affairs and Oxford University Press), 1938, Chapter 15.

† Cf. *Contemporary New Zealand*, Chapter 12.

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Zealand might have a policy, or that if war came it might involve the whole country, Labour and Nationalist alike, in a common ruin. After the Munich Agreement, the predominant note in the press was relief, but there was a certain undercurrent of criticism, based on doubt of the justice and expediency of surrender to the threat of force in such a case. In the phrase of the *Christchurch Press* on October 7—

In Europe to-day truth is being overwhelmed by lies, reason by passion, freedom by tyranny and justice by the will of the strong.

But the newspapers have avoided discussion of possible means by which this state of things might have been prevented in the past or might be altered in the future.

The press, then, gave no definite reflection of considered opinion on the underlying problems, nor (so far as can be judged) was there any consensus of opinion about those problems among the public. If any New Zealanders sympathised fully with Germany's policy, their voice was not heard, but many felt that the Sudeten Germans had grievances which should be remedied. Many more asked, "Why should we fight for the *Czechs*?" without analysing too closely the reasons for their doubt. There was a strong body of opinion in favour of collective action against aggression, even though it might precipitate war. But some, deeply impressed by the horrors of modern warfare, argued that a war postponed may be a war averted. There was, again, a small section of opinion that would have seen a war on the Czech issue simply as a struggle between rival imperialisms. But these were private debates, and neither the press nor the politicians attempted to lead opinion. In a sense, leadership was unnecessary, for there was virtual unanimity on the obvious practical conclusion: that in war New Zealand would follow Britain whatever the immediate occasion of war might be. In times of peace, New Zealand has evidently claimed and exercised its right to form and stand up for its own

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views on foreign affairs. In this time of crisis, however, the Dominion made no concerted attempt to form an enlightened public opinion on the problems that had produced the situation. Events moved so fast and so mysteriously as to stun the mind, and to render futile (if not to forbid) public discussion of why these things should be.

THE SYDNEY CONFERENCE

IT was while the delegates to the first unofficial conference on British Commonwealth Relations, held in Toronto in 1933, were on their ways homeward that Germany denounced the Disarmament Conference and resigned from the League of Nations. It was while the delegates to a second similar conference, held near Sydney in September 1938, were on their ways homeward that there came the moment of extreme tension over Czechoslovakia. This combination of circumstances, though accidental, was most significant, since that phase in world affairs was associated with an uneasy, transitional phase in British Commonwealth affairs. The Sydney Conference, taking stock of developments in Commonwealth relations since its predecessor met, looked back on many difficulties and disagreements, arising for the most part out of the degeneration of international affairs. Most of the members of the Toronto Conference * had found in the collective system the main unifying element in the foreign policies of the British Commonwealth nations; they were prepared to rely on common obligations under the League Covenant even to solve the awkward problem of Dominion neutrality. Since the breakdown of sanctions over Abyssinia these formulæ had manifestly been broken reeds, and the policies of the different nations of the Commonwealth seemed to be in danger of drifting apart. The problem of Dominion neutrality now appeared all the more urgent in that an actual outbreak of war seemed only just round the corner.

* See *British Commonwealth Relations* (Proceedings of the Toronto Conference). Published by the Oxford University Press for the Royal Institute of International Affairs.

THE AGENDA

I. THE AGENDA

IT was not, of course, the primary purpose of the Sydney Conference* to look back, but forward to the future; and although it met at a moment of grave crisis, it did not give its time to discussing the specific problem of Czechoslovakia, which it could do nothing to solve. The gravity of the crisis nevertheless added to the realism of its debates, and undoubtedly affected the current of discussion on some important issues. The exact dates of the Conference were September 3 to 17; that is to say, it fell between Sir John Simon's speech of August 27, giving warning of the likelihood of Great Britain's being drawn into any war over Czechoslovakia, and the emergence of the Anglo-French plan for the separation of the Sudeten German districts. It was an interval of growing solidarity among the democratic and peace-loving nations, which was later interrupted by divisions over the Anglo-French plan, restored by the firm resistance to Herr Hitler's Godesberg proposals, and again shaken by the divergent reactions to the Munich settlement. It is well to bear these dates in mind in reviewing the work of the Sydney Conference.†

The scheme planned by its organisers for the discussions started from a consideration of the various national interests of the member nations of the Commonwealth, and of the policies arising from them. It was felt that the really important problems of British Commonwealth relations, especially in foreign policy and defence, had been obscured by the habit of thinking of the Dominions in the lump, as if their national circumstances were all the same, and as if they differed from the United Kingdom only in being Dominions, new and smaller partners as distinct from the original and largest member of the Commonwealth. This

* See THE ROUND TABLE, No. 110, March 1938, p. 272.

† A report of the proceedings of the Conference under the title *The British Commonwealth and the Future* is to be published shortly by the Oxford University Press under the auspices of the Royal Institute of International Affairs.

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habit encouraged a belief that the solution of such problems was to be found in general formulæ, rather than in a study of practical interests. The particular national interests of the several Dominions are plainly not the same; in some respects they differ more widely from each other than from the United Kingdom. They lie in different continents; some have problems of internal race divisions which others are spared; some are relatively secure, others relatively insecure, in a turbulent world. According to the agenda of the Sydney Conference, these various national interests and objectives were analysed in written preparatory papers, and reviewed at the early sessions of the Conference itself.*

The next process in the scheme was to examine how far these national interests were common interests, shared with other member nations of the Commonwealth; how far they were identified with the Commonwealth connection, or, on the other hand, ran counter to it. The drafters of the agenda felt that if the Commonwealth connection implied a sacrifice of national interests that were strongly grounded and keenly felt it could not long endure, since it would be built upon sand. Then the Conference was invited to consider, in the light of this examination, to what extent Commonwealth co-operation ought to be based on a uniform plan for the whole Commonwealth, to what extent it could be based on bilateral or group understandings, in which not all the member nations would participate. The Conference next proceeded to discuss the particular content of national and common policies, in foreign affairs and defence, in a search for the maximum of co-operation possible in the conditions that had been revealed. There was a parallel discussion on economic co-operation.

* A number of the more important preparatory documents have been published:—*Canada To-day*, by F. R. Scott (Oxford University Press, Toronto); *Australia's National Interests and National Policy*, by H. L. Harris (Melbourne University Press); and *Contemporary New Zealand* (Whitcombe and Tombs, Ltd., and The Oxford University Press).

NATIONAL INTERESTS AND DIFFERENCES

Finally, under the heading "The Future of the Commonwealth as a Co-operative Organisation", the Conference addressed itself to this question—whether there emerged from its discussions

any fresh conception of the Commonwealth arising from a reassessment of the historical and constitutional factors in the light of the present interests and national composition of the individual countries forming the Commonwealth?

This question, the key to the Conference's whole work, might perhaps be expressed in this way: what comes after Dominion status, and what progressive development can be built upon it, now that full formal equality has been achieved?

II. NATIONAL INTERESTS AND DIFFERENCES

HAS full formal equality actually been achieved? Clearly it has still to come for India, nor did the Indian delegates to the Sydney Conference fail to remind other delegations that their country was not yet fully responsible for the conduct of its own affairs, and that its citizens were not treated even formally as equals throughout the Commonwealth. Newfoundland, "the Dominion on ticket-of-leave", also had its spokesman to recall that some day responsibilities must be restored to the people of that country. These special cases apart, however, it became clear at the Conference* that the achievement of formal equality, if not yet complete, was not obstructed by opinion in the United Kingdom, but by obstacles within the Dominions themselves. Thus although the British North America Act (the constitution of Canada) was reserved from the operation of the main clauses of the Statute of Westminster, it was reserved at Canada's request, and no amendment to it that was desired by the people of Canada

* The Conference was precluded by its rules from expressing any corporate opinion on any of the matters under discussion. Nothing in what follows, therefore, must be taken as conveying the views of the Conference or of an ascertained majority of its members.

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would be opposed by the Imperial Parliament. Similarly, if Canada wished to abolish the appeal to the Privy Council it is clear that no finger would be lifted in London to prevent her from doing so. The reasons why such desires are not expressed lie in the internal politics of Canada.

Even with regard to the claim, put forward by some Dominions, to a right of neutrality in wars involving other members of the Commonwealth, the initiative does not lie with the United Kingdom but with the Dominions themselves. It is for them to secure, if they so desire, a re-examination of the constitutional position. Their hesitations to act in this way are not due to brow-beating by the United Kingdom but again to their own political conditions. Certain of them, notably Ireland, have indeed declared through their elected leaders that they assume a right of neutrality; yet they have not been regarded as therefore outside the Commonwealth. If further evidence of legal equality of status were needed it could be found in the Dominions' legislation following the abdication in December 1936; for it was by their own separate parliamentary or executive acts that certain of them provided for the new succession, and the dates at which King George VI acceded to the throne differed in different parts of the Commonwealth.*

Practical equality is very different, as the Balfour report acknowledged in its famous antithesis between status and function. Practical equality is indeed inaccessible. Nothing save a wholesale redistribution of population can alter the fact that the United Kingdom is a great Power, a world Power, while all the other member nations of the Commonwealth are in size and influence small Powers, with their interests strongly focused in limited regions, and with their security dependent on the aid of some great Power or Powers. Within the foreseeable future of national populations, only India has the physical capacity to take her place with Great Britain as a second world

* See THE ROUND TABLE, No. 106, March 1937, p. 247.

NATIONAL INTERESTS AND DIFFERENCES

Power within the British Commonwealth, and her ability to do so depends on political and economic eventualities which it would be hard to forecast.

That contrast between a world Power and small Powers was outstanding in the reviews of national interests and policies with which the discussions of the Conference were launched. It cannot be eliminated by any adjustments of status or of machinery for co-operation. It means that the primary responsibility in foreign affairs and defence has to remain with the United Kingdom, except possibly in certain regions where her interests are secondary or at most on a par with the primary interests of some Dominion. All plans for co-operation or for closer union have to take into account the same contrast, which is an enduring hindrance to the smooth progress of British Commonwealth relations. For, as a delegate at Sydney pointed out, top-heavy federations in which one member is much larger or more powerful than the others are under a grave handicap, and even voluntary co-operation among unfederated states gives rise to irritation when the largest partner must as a rule take the initiative. One delegate to the Conference expressed this irritation by asking whether, when people from the United Kingdom spoke of co-operation, they really meant co-operation or merely acquiescence.

The contrast has a special application in the field of defence. Because its interests and responsibilities—moral and material—are world-wide, the United Kingdom must display world-wide strength in order to maintain them. The chief instrument through which this has hitherto been done is the Royal Navy. The cloak of this world-wide power naturally covers the Dominions, which have thus been able to concentrate on their local or strictly regional defence, without even entering into alliances or defensive pacts with their neighbours. According to the resolutions of successive Imperial Conferences, each Dominion assumes responsibility for its own local defence; but the United

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Kingdom assumes in addition a much wider responsibility, a collective responsibility. This is based, indeed, on her own national interests, but it is also entirely in accordance with the national interests of the Dominions, which are thereby relieved of much of the defensive burden that would otherwise fall on them as small nations in a predatory world. It was pointed out, for instance, at the Sydney Conference that whereas three Dominions are mandatory Powers there is no chance of their having to meet a direct challenge from Germany, demanding the return of her former colonies, so long as the United Kingdom still faces Germany in Europe and so long as the power of the British navy remains paramount in the oceans in which those Dominions lie.

But this is not the only important contrast between different members of the Commonwealth that was disclosed by the preliminary studies of national interests. There is a clear contrast between countries divided internally by race or language or national origin, like Canada and the Union of South Africa, and those with the good fortune to have homogeneous populations. Internal divisions of that kind have a profound effect on external attitudes. They tend to produce a paralysis in foreign policy, since an active policy pleasing to one group is commonly assailed by the other, and since the maintenance of national unity must always be a prime objective. Such divisions, certainly, tend to inhibit co-operation with other members of the British Commonwealth, even when it can be shown to be in the national interest. Other internal cleavages—religious, geographical, economic—have important reactions on external policies. The British Commonwealth is diverse enough in the particular interests of its member nations, even if they are regarded as homogeneous units; when the internal divisions of each of them are also remembered, it will be recognised how extremely difficult is the problem of finding and upholding a common foreign policy to which they will all adhere.

Still another vital distinction is that between the relatively

COLLABORATION AND CO-ORDINATION

secure and the relatively insecure countries of the Commonwealth. National security must in any case be a matter of degree; there is no such thing as absolute security. But there is a great gap between, say, Canada, sheltered by two great Powers, having only one neighbour with whom she is on permanently pacific terms, while being insulated by broad oceans from any other foreign country, and, say, Ireland, a European country, a natural vantage point either for the defence of Great Britain or for attack upon her, or New Zealand, a small State isolated in the Pacific Ocean, guarded by sea power to which she can contribute only a small fraction. The relatively insecure countries of the Commonwealth are anxious to co-operate in foreign policy and defence because they recognise their fate to be bound up with that of the whole Commonwealth. Nowadays they are not in the least ready to follow wherever the United Kingdom may lead, but if they can lead the United Kingdom they know they must in the end be led by her. The attitude of the relatively secure countries is different. Their willingness to co-operate is always qualified by their fear that co-operation may implicitly commit them and therefore involve them in conflicts that do not concern their own national interests : at the same time their relative safety enables them to indulge in criticism of the earth-bound foreign policies which their more vulnerable fellow members are obliged to pursue. These traits were not absent from the discussions at Sydney.

III. COLLABORATION AND CO-ORDINATION

ALL this is enough to show that Commonwealth co-operation in foreign policy and defence is no easy matter to achieve, and that the organisers of the Sydney Conference were right in suggesting that uniformity is impossible. Co-operation may be of two kinds : collaboration and co-ordination. There are some countries of the Commonwealth that do not feel themselves able to go beyond co-ordinating their policies with those of their

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fellow members, especially the United Kingdom; there are others for whom this is not enough, in view of the close identity between their national interests and those of their fellow members. It is surely unwise to insist that the first group should co-operate in the same way as the second, since that involves the risk either of a revolt of their public opinion at home or else a dangerous disappointment when the collaboration is put to the test. It is equally unwise to aim no higher than co-ordination of policies for some members simply on the ground that certain other members are unable to go beyond it. Again, member nations may be able to "collaborate" in some aspects of public affairs, while they can only "co-ordinate" in others. The British Commonwealth must be protean in its forms of co-operation if it is to survive as an association of independent States.

The Sydney Conference produced some important discussions on co-operation in defence, in which these ideas took concrete shape. A service expert put forward a plan for decentralised co-operation, based on the concept that no country can be expected to contribute to a common defensive cause save as a by-product of its own national security. The same is true, of course, of other branches of co-operation; no country can be expected to subscribe to a common foreign policy save as a by-product of its own external interests. When the perils and horrors of modern war are concerned, idealism is not enough, and patriotism is not enough. The defence expert's proposal was that each member country of the Commonwealth should work outwards from its own national defence problem, making a whole region the subject of its defensive studies. It was not suggested that any Dominion was capable of assuming the whole responsibility for the defence of any region, or that it should extend its efforts and its liabilities further than it believed to be necessary for its national safety. But instead of taking for granted that its regional defence was amply provided for, through the all-pervading power of the United Kingdom, it should seek to ascertain where and

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how its available resources for defence could be most fruitfully applied, and how it could best co-operate with friendly foreign neighbours—Canada with the United States, Australia with the Netherlands East Indies, South Africa with the Portuguese as well as the British colonies. The project must be considered in the light of three new factors in British Commonwealth defence: the rapid mobility and concentrated striking power of air forces, the great importance of industrial capacity and other economic elements in defence, and the fact that the assembly, transport and deployment of a large mass army is almost certain to prove impossible for the countries of the Commonwealth, at least at the outset of any future world war. If the project were adopted, said its author at Sydney, each Dominion would become more fully responsible for its own defence, and thus we should have a real Commonwealth.

Responsibility is the inwardness of status and the key to freedom. The inner problem of British Commonwealth relations to-day is how to realise in practice the responsibility that has already been granted in theory to the several member States. Those who proposed that the Dominions should, if they wished, declare to foreign Powers that in a war involving the United Kingdom or other member nations of the Commonwealth they might be neutral, at their own will, did so in the belief that responsibility in foreign policy could not be real or complete unless that right of neutrality had been fully established. Separate responsibility must always be limited by material factors, but only in the same way (though perhaps in a higher degree) as it is limited for the United Kingdom herself. Who does decide the issue of peace and war? asked a United Kingdom delegate at Sydney, when Dominion spokesmen had alleged that the issue was in effect decided for them in London. May we not, he continued, be drawn into a war by the policy of France, with whom we are associated in a defensive alliance which is much closer in some respects than our relations with the Dominions? Again, there is

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a distinction to be drawn between those Dominions which feel themselves to be tied, for better or for worse, for peace or for war, to the fate of the United Kingdom and their fellow members of the Commonwealth, and those who do not share that feeling. Responsibility in foreign policy and defence has a different meaning for each of these groups. For a Dominion in the first group, it must mean responsibility for bringing its full influence to bear on the policy of the United Kingdom on long-term issues or at critical moments, rather than responsibility for conducting a distinct and perhaps divergent policy of its own.

But whether co-operation takes the form of collaboration or only co-ordination one thing is clear: in day-to-day affairs there can be no common policy jointly conducted, and no sharing of responsibility, unless and until federal institutions replace the present form of the Commonwealth. This is true for two reasons: first, because the short-term objectives of foreign policy are national objectives—one member of the Sydney Conference described them as the protection of the interests of each country's own nationals—and secondly because decisions have constantly to be taken, on great issues or less, without time for elaborate consultation even with the national Cabinet, let alone with the Ministers of countries situated thousands of miles away. Therefore the root of co-operation is the adoption of a common long-term objective, followed by the maximum of collaboration or co-ordination of policies in working towards it.

It was clear from the discussions at Sydney that the long-term objective cannot be found within the British Commonwealth itself. There were some who said that all nations of the Commonwealth had a supreme interest in keeping Great Britain strong, or in promoting the strength of the British Commonwealth itself; but others then asked—as electorates are wont to ask both in the Dominions and in the United Kingdom—for what purpose the strength of Great Britain or the Commonwealth is required and will

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be used. The Commonwealth, it is certain, cannot find within itself sufficient inspiration even for its own being. It must look beyond its own limits to an international end, a moral purpose. This common purpose was expressed in different ways at the Sydney Conference : some identified it with peace, some with the preservation and enlargement of freedom, some with the equality of all peoples and races, and the brotherhood of man. The phrase around which debate crystallised was the establishment and defence of a world order. A world order means different things to different minds. To one delegate at least it meant nothing less than a world government. To others it implied reverting to the Covenant of the League. Some thought that the policy of appeasement was on the road to it; others urged a return to the path of collective security. Clearly the member nations of the Commonwealth will have to take much more common counsel before they can express their long-term objective with one voice and in such a way as to point the broad lines of immediate policies for each of them. But the principle cannot be shaken, that the unifying objective of the British Commonwealth cannot be found within itself, but must be found in the service of all humanity.

The discussions at Sydney on the economic aspects of co-operation suggested a similar conclusion. It was argued that self-sufficiency was an illusion either for the whole Commonwealth or for any member of it, and that common purposes in defence indicated no fruitful line of economic co-operation, since they implied either greater national protectionism or else the canalisation of trade in the strategically safest channels, which might not be Commonwealth channels. Nor was there much support, it seemed, for the view that preferences were valuable in themselves because they strengthened the Commonwealth ties and therefore served its political and strategic ends. Instead, there was much discussion of the objective of world freer trade, and how it could be secured by way of the preferential

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system. The Ottawa system was described without contradiction as an emergency device, suitable to the circumstances of 1932, but not necessarily suitable to those of 1938. Once more the objective was sought in something wider than the Commonwealth itself; once more, too, there were many different opinions about the way in which the objective should be furthered: whether, for instance, by way of an invitation to foreign countries to share in preferential benefits on terms, or by way of the gradual whittling down of preferences in the interests of world freer trade and a higher standard of living for all nations.

IV. THE FUTURE OF THE COMMONWEALTH

DOES there emerge, then, from these considerations, as the Conference asked itself, a fresh conception of the Commonwealth and of its functioning in the future? It will not be a Commonwealth with rigid or homogeneous institutions for the conduct of its common affairs or for co-operation between its member nations. There will be different forms of co-operation, sometimes even less intimate than at present, while for some countries or in certain aspects they will grow closer until something akin to federalism may emerge through organic evolution. By maintaining a variety of flexible institutions for co-operation, the Commonwealth as a whole will be able to gain from each member nation its fullest contribution to the common cause, given freely on the strength of national interests and from a foundation of national responsibility. The common cause will be found, not in any selfish or exclusive ambition, but in an objective of world-wide welfare. The working out of this objective will not be simple, nor can unanimity be always expected, since the circumstances of the various member nations and the degrees of their interest in this or that area or issue differ so widely.

As time goes on, new problems will no doubt force

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themselves to the front both in the internal affairs of the British Commonwealth and in its relations with the rest of the world. The increase of its own number of self-governing nations, through the advance first of India and then of other countries now in a dependent position, will raise extremely difficult questions. Problems of racial status will inevitably become more and more prominent. There was a foretaste of this development at the Sydney Conference in the Indian delegates' repeated denunciation of the barriers placed by the Dominions in the way of Oriental immigration. That is typical of the questions that will have to be faced if the Commonwealth is to continue and is to serve its professed objective of a world order. At present, European dangers force themselves most urgently on our notice, but the time may come when inter-continental and inter-racial conflicts will seem far more pressing and far more momentous for the Commonwealth. A great responsibility lies on the Commonwealth in this field, since it is the original home of the doctrine of trusteeship, and is about to enrol among its own equal and self-governing members an Oriental nation. If the smooth progress of race relations cannot be secured within the Commonwealth, it is scarcely likely to be feasible on a still larger scale. The British Commonwealth, by way of India, Burma, Ceylon and other Oriental countries within its borders, may yet prove to be the indispensable bridge between the civilisations and the power-complexes of West and East. The Commonwealth is indeed a microcosm of the world, and it is no lapse from international idealism to regard the Commonwealth as a vitally important instrument of progress. The very fact that an assembly like the Sydney Conference can be held—an entirely frank yet friendly discussion of national interests, of differences as well as agreements—is proof of the vast value of the Commonwealth in a world of hatreds, suspicions, and the smothering of free thought and free speech.

DRIVE FOR AMERICAN UNITY

I. THE AFTERMATH OF MUNICH

THE United States, like the rest of the world, is now busy adjusting itself to the post-Munich situation. Effects here (quite apart from reactions, which are treated in a separate section) * have been profound and continuing. First, we have in prospect a great armament expansion. The naval building program is being expedited. Mechanization of the army, expansion of the air force, mobilization of national electrical power resources for an emergency, and dozens of other unprecedented practical stages in organizing the nation for national defense are now under serious advanced study. Second, President Roosevelt is leading a crusade for national unity—for healing the breaches and subduing the passions of the past six years which have kept the nation turbulent and divided—as an essential step “to make democracy work”.

Concluding his most significant talk of recent times—a radio address on the “Struggle for Peace”, on October 26—the President said :

Let us work for greater unity, for peace among the nations of the world, for restraint, for negotiation and for community of effort. Let us work for the same ideals within our own borders in our relations with each other, so that we may, if the test ever comes, have that unity of will with which alone a democracy can successfully meet its enemies.

These were not empty phrases. To those who have followed the workings of Mr. Roosevelt’s mind since the Munich settlement, they embodied a profound reorientation

* See p. 28 above.

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of policy. The new viewpoint was best expressed a few days earlier in an authorized interview in the *New York Times*, in which the following paraphrase of the new policy was given :

Whether or not the most militant phase of the New Deal ended with the unsuccessful interventions in the Democratic primaries last summer, it can be said that a period of pacification is beginning. The new efforts to conciliate business and reconcile the differences of the C.I.O. and the A.F. of L. are not merely a pre-election gesture. They are the outgrowth of the European crisis and the settlement made at Munich, but not in the sense in which the President's statement to that effect has been interpreted. Europe's plight brought home to Washington the urgent necessity of internal unity and the consolidation of forces in the United States. The tense weeks of crisis convinced Mr. Roosevelt not only that the first defense of democracy is strength on the home front, but also that if a new synthesis of interests and energies is required to save representative government it must be worked out in this country.

Thus "making democracy work" within the United States becomes the first essential of American foreign policy, since the prime objective of that foreign policy is to preserve democracy in the world. In re-dedicating himself to this task, the President could have taken one of two widely different courses. He could have donned his shining armor again and gone forth to battle against what he calls the fortresses of privilege. He could have plunged again into the temper of the Supreme Court fight, which, along with the sit-down strikes, were the atmospheric prelude to the 1937-38 slump. He could have gone on the war-path. But instead of choosing this course, he began to stress pacification and national unity. He spoke with new patience and resignation of "the American way" of achieving reforms slowly and painfully. He was, in short, in a mood which American observers had never seen in him before. That was the effect of Munich on the American President.

But if the President's attitude to his domestic opposition, in the field of business, has become conciliatory, that is

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not true of his attitude toward the authoritarian Governments. The new armament policy has been aired in headlines at every possible opportunity, and when the details eventually emerge around the first of the year, it will probably be seen that the United States is making itself an all-round military Power basically second to none. To put it graphically, the American Government is now in the mood of the British Government in September when the trenches were being dug in Hyde Park! The United States is seeking primarily to defend the Western Hemisphere from Fascist aggression. Already there has been much German, Italian, and Japanese penetration. Washington is now trying to keep this economic and cultural invasion from turning into spheres of influence which would overthrow self-government in the Americas. As the President said in his October 27 speech:

We are determined to use every endeavor in order that the Western Hemisphere may work out its own interrelated salvation in the light of its own interrelated experience.

On December 9 at Lima, Peru, the Eighth Pan-American Conference will meet, with Secretary of State Cordell Hull prominently present and perhaps President Roosevelt as well. This meeting is intended to furnish the forum for the United States to attempt again to consolidate American sentiment and action against all forms of overseas penetration. Manifold attempts to lay the foundations are under way: new trade contacts with Latin America, furnishing of military experts to the smaller countries by the United States, short-wave and regular radio broadcasts pumping the United States viewpoint and its culture into the countries to the south. Before long, we may even be back in the subsidy or money-lending stage, and the notable caution with which the Mexican expropriation problem has been handled is primarily to protect the susceptibilities of the other countries.

Thus the first objective of American armament and related policies is to build a wall around the Western

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Hemisphere—a wall against political penetration and influence, and not against the free flow of trade along most-favored-nation channels. Great Britain's historic position in Argentina, for example, is something which the United States is now prepared to welcome and foster so long as it is helpful in the bulwark against Fascist influence. It is recognized as a type of influence that has not in general passed beyond the bounds of normal financial and commercial intercourse. But as an aftermath to Munich, it is also recognized that the United States can expect little outside help in enforcing the Monroe Doctrine. Historically, for a century, it was the British navy which supported the American declaration. Now, it is felt, the American navy must be prepared to do it alone, in the probability that Great Britain will either be fully occupied elsewhere or unable or disinterested in providing any assistance.

The second objective of American armament is in the Far East. A good part of the United States navy, latterly nearly all of it, is kept in the Pacific, with a major base in the Hawaiian Islands, and potential remote points of operation—at least for aviation—stretching far toward Asia. The American pledge for an independent Philippines (300 miles from Japan or the Asiatic mainland) is still a moral obligation. The “open door in China” is still one of the three great tenets of United States foreign policy. And although there are few practical steps that the United States is now prepared to take concerning China, it is trying to keep the record straight in preparation for better days to come.

On October 6, therefore, the American Ambassador to Japan delivered a stern note in Tokyo calling for the open door, and in effect threatening trade reprisals if Japan did not restore trading equality in its controlled areas. The note painstakingly listed Japan's discriminatory restrictions upon American trading rights in Asia. It emphasized Japan's present equality of trading rights in the

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United States. The implication was plain. Japan would be placed upon the American "black list", which means that it would not profit on a most-favored-nation basis under trade agreements the United States has with other Powers, unless the Asiatic door were opened. Such a restriction would not touch directly Japan's major exports of silk and silk products to the United States, but it would affect many manufactured goods. For example, the Canadian agreement of 1935 provided a concession on whisky aged in the wood for four years. Japan began ageing whisky in the wood as soon as the agreement was known, and expected to have a useful sale in the United States in 1939. And since Japanese manufacture for export is greatly imitative—in the way of china and crockery, small articles of all sorts, etc.—it might be expected to take advantage of concessions under many trade agreements the United States has negotiated. All such products would be shut out if Japan were on the "black list". And of course further reprisals against major exports, such as silk, are not out of the question as implementation of the latest American note.

Even such steps might bring about no direct change in the Far East. But at least the United States has made its position forcefully clear, and behind the position will stand the enlarging American navy and air force, warning that interests nearer home must not be impaired. In the Orient, as in the Americas, the task which United States policy-makers feel that Great Britain is no longer fulfilling now falls to some degree upon this country. Naturally, only a small fraction of Britain's rôle in the Orient would be attempted by the United States, but the preoccupation of the British navy in Europe is a prime reason for expansion of the American navy to-day.

Within the State Department and throughout the rest of the Government an odd dualism persists, and it is reflected in many speeches and declarations on foreign policy. On the one hand, President Roosevelt and Secretary Hull

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make speeches heartily critical of the dictatorship nations. On October 27, the President's re-definition of policy contained in almost every sentence some condemnation of force, of "strident ambitions", of treaty-breaking, of rule by the sword, of the violation of civil and religious liberties. Naturally, the speech was not published in Rome or Berlin or Tokyo. In temper it was as anti-dictatorship as anything the President or Mr. Hull has said publicly. On the other hand, Ambassador Kennedy and Under-Secretary Sumner Welles make speeches in which they plead for a breakdown of the cleavage between the dictatorships and the democracies, calling for appeasement between the groupings, altogether reflecting views very like those understood to be held in dominant British circles.

Every informed person in Washington understands this dualism; it is the source of no little friction between individuals in the State Department who hold opposing views; it constantly produces embarrassment and misunderstanding. The basic reasons for such contradictory but equally "authorized" viewpoints are two: first, they reflect a natural divergence which exists in all democratic countries; second, President Roosevelt has no wish to burn all his bridges. Though most of his own declarations have been anti-dictatorship, he is evidently keeping the way open to try a different tack if events and American public opinion make it advisable. Thus, he could still follow the path of quarantine, as outlined in his Chicago speech last year, or of appeasement, just as changing circumstances might require. Even rearmament can be interpreted dually: as the force necessary to confront the dictatorships with a democratic front, or as the essential preliminary to a limitation-of-armaments conference.

And so in sum, in the post-Munich world, the United States plunges into a new armament drive, strives anew toward internal unity which has been threatened by industrial and political hostility to the President on the one hand, and intolerance and impatience of the Administration

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on the other, and turns its face toward the Americas in an attempt to establish and preserve economic and political democracy in this Hemisphere. Altogether, the European crisis has left deep—and not unhopeful—lines across the map of the new world.

II. THE MID-TERM ELECTIONS

AS these stirring events were taking place, the United States was wading through an important mid-term election. Once again the readers of THE ROUND TABLE, by the time that they see this article,* will know results yet unknown to this correspondent. On November 8 the voters will choose 31 state governors, 37 senators, and the entire membership of the House of Representatives, 435 in number. The significance of the election is being greatly stressed, but it can easily be exaggerated. President Roosevelt is not running. His political magnetism and great campaigning power are not in operation. The test is between varied individual candidates, and their personal abilities and appeals very frequently overshadow the national issues which may fill their speeches. But the outcome of the elections will be interpreted as a referendum on the New Deal. Everybody expects, and discounts, a certain number of Republican gains. Invariably in American history, the opposition party has gained seats at the mid-term election in a President's second term. There is no chance at all that the Republicans will this time get control of either Senate or House. In the Senate it is an actual impossibility, in the House almost equally so. And unless

* The following table shows the changes in the state of the parties as the result of the elections :

Senate			House of Representatives		
	<i>New.</i>	<i>Old.</i>		<i>New.</i>	<i>Old.</i>
Democrats . .	69	76	Democrats . .	262	330
Republicans . .	23	16	Republicans . .	169	90
Other parties . .	4	4	Other parties . .	4	13
			—Editor.		

THE MID-TERM ELECTIONS

there is a landslide, returning 70 or 80 Republican House members—still short of a majority—the victory will not be very notable. As a matter of fact, moderate Republican gains might even help the President in applying party discipline to his present sprawling Democratic majorities.

The basic significance of the elections lies, instead, in their indication of how the tide is running. If the Republican gains are notable in certain states—like Ohio, Pennsylvania, New York, and New Jersey—which are regarded as pivotal, then the Opposition's hopes for 1940 will rise sky-high. Ohio is an excellent example, as a state almost equally industrial and agricultural, set in the mid-west, and known as the "mother of Presidents" for the many Chief Executives it has given the nation. The Democratic Senator from that state, Robert J. Bulkley, is running for re-election against Robert A. Taft, son of the late President and Chief Justice, William Howard Taft. The two candidates have made the policies of the national Administration their basic issue, which is far from being the usual case. They have conducted their campaign through a series of six joint debates. The voters have had an unusual exposition of the arguments, and have a fair choice. If Mr. Taft wins, it will be generally concluded that the Republican opposition is really coming into its own. If Senator Bulkley wins, the prestige of the Administration will remain high—except that many will charge that the election was "bought" with heavy relief expenditures in Ohio at the last minute. So if readers want a straw as to American public opinion, let them look up the results in Ohio. Almost equally revealing will be the results in New York, New Jersey, or Pennsylvania. These are among the biggest states in the union, and any party must carry one and preferably two of them to be certain of carrying the country. The Republican chances seem at least even of re-electing Senator Davis in Pennsylvania, and of filling one or two of the three contested Democratic places in New York and New Jersey with a Republican. Should

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two or three Republicans be elected in these three states, the result will be sensationally encouraging to the party.

But if, as is expected, the outcome is more or less inconclusive, then the President chief's problem—and the outstanding political fact in the country—will be the opposition within his own party. Already the nominating primaries have resulted in a series of victories for Democratic senators who have opposed the President. Nine senators of his party fought against Mr. Roosevelt's Supreme Court enlargement plan last year and have had to face the voters this year. All of them were triumphantly re-nominated, though the President himself actively campaigned against several of them. The outcome proved that under the American political system of State autonomy, and all the traditions and emotions that go with it, it is very difficult for a President—however popular himself—to interfere in a State election and defeat a candidate he dislikes. We have plenty of "coat-tail riders"—candidates who aver their unmixed loyalty to the President and who get elected on that basis—but it has been conclusively shown that the President's disapproval does not defeat strong local candidates.

Presumably these senators, returning to Washington despite the efforts of Mr. Roosevelt, will be more positively opposed to his program than ever before. Likewise other of their colleagues, observing and fearing the President's forays into party primaries never before invaded by a President, may turn insurgent as the mystic year 1940, with its presidential election, draws closer. For Mr. Roosevelt's defeats in the primaries seem to indicate that if in 1940 he wishes to transfer his mantle to a successor of his own choosing, he may find the operation a difficult one. His political magic, it would almost seem, is non-transferrable. In that case, the sweepstakes of 1940 are open. And the question of a third term for the President himself immediately pops up. To some, the political lesson of 1938's elections is that the only New Dealer who

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can be elected President in 1940 is Mr. Roosevelt himself. If that is true, he would presumably prefer to challenge the strong tradition against third terms for American Presidents, than to let his program be put on the shelf. Actually, the anti-third-term tradition is stronger among Mr. Roosevelt's old opponents than among his friends. The opposition can make a big fuss about it, but there is no evidence that the millions of "common-man" voters who have elected and re-elected Mr. Roosevelt are greatly moved by such considerations. Rather, they want a President who has their welfare at heart: who is their "friend", and Mr. Roosevelt still retains that title.

Such views, however, may not dominate Congress. In the legislative halls are numerous ambitious men who would like to be presidential candidates themselves, or wish to get in on the ground floor of a new presidential drive. Include among them those senators who return to Washington in spite of the President, and others who have natural conservative leanings, and you get a sizeable potential *bloc* of insurgents. Existence of the group may make it difficult or impossible for the President to secure enactment of any drastic or controversial legislation. He may even have many of the powers previously granted him by Congress curtailed. The last two years of a President's second term are traditionally turbulent, and most such Presidents have found themselves blocked by bulky Congressional majorities. So there is stormy weather ahead.

III. BUSINESS RECOVERY

NOT the European crisis, nor the electoral campaign, nor the prospect of a deadlock between Congress and the Executive has stopped the steady march of business recovery. Many American economists and most investment advisers are firmly of the opinion that a boom has started, and that it will reach large proportions. They expect it to last through 1939 at the very least, and to pile

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up a \$75,000,000,000 national income in that year against a prospective \$60,000,000,000 this year.

In October the business index reached the year's high point in a contra-seasonal trend, after wavering in September. Now boom statements are growing on all the trees, and the stock market is flourishing. The automobile industry is once more the bell wether. Last spring the experts were saying that the automobile industry, having furnished the starter for revival during the last depression, would not be able to do so again. They impressively pointed out that in 1933 the unused mileage of cars in operation (since there were many old cars in use) was very low, and everything was ready for a boom. But after the 1937 automotive sales, which were very close to 1929 levels, nobody expected the industry to flourish again in the autumn of 1938. That, however, is the amazing fact. Automobiles are now selling on a boom basis, after the industry got rid—through organized selling campaigns—of a heavy stock of unsold used cars earlier in the year. And the automobile industry has again become the country's pivotal industry. It uses one-fourth of the steel, half of the iron, three-quarters of the plate-glass, one-fifth of the aluminium and copper, one-third of the lead and four-fifths of the rubber and oil consumed in the country, while one in seven gainfully employed in America owes his living to the motor car. The automobile is economically to the United States what the home is to Great Britain—the back-log as well as the kindling wood of the economic system.

But housing is also beginning to march along here, with 1938 figures already mounting to the promising 1937 level and evidently headed higher. If a price ramp does not come in the spring, again exploding a housing boom, we seem in a way to realize the \$75,000,000,000 national income in 1939 of which the economists speak.

Farm prices remain low, and so discontented grumbling and talk of "farm revolt" roll eastward from the Great

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Plains. But prospects for fall and winter markets look good, because of increasing production schedules and pay rolls, and this somewhat promises to compensate for low prices. Farmers' cash income is going up as compared with earlier months of 1938, but it is about \$700,000,000 out of \$5,000,000,000 lower than last year.

On the whole, however, the agricultural outlook as well as industrial prospects was on the rosy side. The Bureau of Agricultural Economics, one of the most competent and objective business analyst sources in the country, in October thus summarized the broad situation :

The general trend of industrial production, factory employment, and national income points upward. Consumption of many industrial products has exceeded production in recent months; inventory stocks of automobiles, textiles, and other goods have been substantially reduced; factories have increased production schedules. How sharp has been the industrial recovery since July is revealed in the accompanying chart [which showed an almost vertical rise from 70.5 to 80.2 in industrial production]. Though building contracts awarded (as measured by the Federal Reserve Board index) recovered more than 50 per cent. between March and August 1938—to the highest point since April 1931—it was not until July that any widespread evidence of an improving economic situation was apparent. In July, however, such broad measures of domestic demand as industrial production and non-agricultural income had reversed the downward trends which first appeared in September of last year. Factory employment and pay rolls, which usually respond quickly to changes in productive activity, rose sharply from June to August.

In this setting of gradual recovery comes President Roosevelt's appeal for internal pacification, for a new crusade toward national union. That is the biggest news from America to-day.

THE ECONOMIC RÉGIME OF THE THIRD REICH

I. ECONOMICS AND POWER POLITICS

SINCE its accession to power in 1933 the National Socialist Government has led Germany from one success to another in international affairs. Its latest political stroke still resounds harshly in the ears of an uneasy world. By comparison, the economic and financial achievements of the Third Reich have been as spectacular, though perhaps less convincing when judged by the orthodox canons of the past.

Nevertheless, the economic policy and practice of the régime have not failed it. Prophecies of a breakdown, freely uttered for some time in and outside Germany, have been falsified. Though viewed abroad with dislike and distrust, the financial methods adopted by National Socialist Germany have sufficed to provide the resources for a prodigious programme of military preparation, which, in turn, has reinforced German diplomacy—following the familiar traditions of Prussian statecraft—in its aggressive pursuit of bold political designs.

This fact is significant enough to invite study of Germany's national economy. Furthermore, there seems to be a growing disposition on the part of Germany's rulers to establish permanently, and as a matter of deliberate intent, the policy originally adopted to cope with acute economic and financial embarrassment. The devices and expedients, the active and repressive measures resorted to in a period of emergency, have gradually developed into a more or less coherent, if extremely complex, system of controlled economy.

BARRIERS AGAINST THE OUTSIDE WORLD

Whatever may be the views of officials and civil servants responsible for its laborious administration, politicians show no desire to abandon it. Its advantages are deemed to outweigh its disadvantages. Certainly it secures to those at the head a degree of power which, through its ability to affect the fortunes and even the daily livelihood of millions of individual Germans, rivals the most remorseless police methods as a means of compelling political subservience and crushing opposition.

II. BARRIERS AGAINST THE OUTSIDE WORLD

TO understand the closed or controlled system of national economy now obtaining in Germany, it is well to bear in mind two facts. First, the system as it confronts us to-day is not the embodiment of new and surprising abstract principles or economic theories. It was not devised in the study. Totalitarian economic methods were born of necessity, evolved through practice and adapted to experience. It is to this circumstance rather than to any subtlety of design or originality of plan that their survival and success must be ascribed. A second vital element, without which the edifice of German economy could neither have come into existence in the past nor continue to survive in the future, is the all-pervading and overriding power wielded by the Government in economic as well as political affairs. Perhaps the only doctrine consciously and deliberately applied from the outset to the solution of Germany's economic problems is that of the absolute authority of the State or Leader.

Some approach towards the restriction of economic freedom was of course made before the advent of National Socialism. The emergency had begun during the financial crisis of 1931, when the abrupt cessation of foreign loans found the country in a situation which menaced anew the stability of the Reichsmark. To counter it, foreign exchange restrictions were imposed.

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Parenthetically, it may be well to observe that recourse to this expedient might perhaps have been avoided if—after the standstill—the German Government during the late autumn of 1931 had thrown in its lot with the sterling countries. The strain on German exchange would almost certainly have been relieved and many of the bitter social and economic hardships of 1932 averted. The growing unrest and civil strife, threatening political disruption, would have been checked. History might have taken a different turn. *Dis aliter visum*. The memory of the post-war inflation which completely extinguished the old mark was too dread for the German Government at that juncture to envisage the deliberate devaluation of its currency, despite the example set by the Scandinavian countries and others. The political hazard was great: a panic was feared. In addition, some well-meaning foreign advisers adjured the Reichsbank to “stay on gold”, arguing that recovery would certainly follow if only the stability of the Reichsmark were maintained. This, as it proved, was a tragic error of judgment. In the sequel, distress and depression went from bad to worse.

Wer “A” sagt, muss auch “B” sagen, runs an old German proverb. Having embarked upon foreign-exchange restrictions, the authorities soon found it necessary to institute control of foreign trade in order to render them effective. Too many devices for the illicit export of capital and the evasion of exchange regulations—such as that of under-invoicing exports and over-invoicing imports—had been found and practised during the comparatively recent period of European inflation.

Furthermore, the censoring of applications for foreign exchange, which was adopted in order to exclude transfers of capital and other financial transactions, and thus restrict the allocation of exchange to legitimate trading operations, constituted no more than a qualitative limitation of the accruing demand. It set no positive bounds to the volume of imports; nor did it secure any quantitative adjustment of

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the total value of German imports to countervailing exports. In short, it did not solve the exchange problem. Despite restrictions, foreign trade continued to show an adverse balance. It was therefore decreed—though only after a lapse of time during which a considerable volume of new commercial indebtedness had been incurred abroad—that in future no foreign purchases, even of essential goods, should be contracted for without prior sanction and allocation of the requisite exchange. Exports were similarly made subject to approval and licence, to ensure that the resulting foreign exchange would be duly remitted to the Central Exchange Fund of the Reich and that commodities required to satisfy domestic needs should not be sent out of the country.

By this measure the Government assumed complete control of Germany's foreign trade down to the minutest details. The Government became and has since remained, as it were, Germany's sole authorised buying and selling agent in its dealings with other countries. It also became the country's sole dealer in marks against foreign exchange.* It thus secured the complete exchange stability of the Reichsmark. Where there is but a single buyer and seller of a currency, fluctuations in price cannot occur against his will. This simple fact explains what has occasionally been accounted a mystery: the paradox that the German mark, unsupported by any gold reserves, is the only one in the quoted list of world exchanges to preserve its pre-war parity with gold. It differs from the other principal currencies in that it is not a "market", but a monopoly.

The circumstance that the German authorities permit dealings, and in some instances free dealings, at fluctuating market prices in a dozen other types of marks rather demonstrates than negates the completeness of the control established. For none of these other categories of marks can really be considered as currencies or money except in a

* Not, of course, in the Russian sense, as an *entrepreneur*, but as the controlling agency.

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limited sense of the term. They are book claims against German banks and businesses arising out of unliquidated German indebtedness to foreigners, dating from before the moratorium and standstill; they are accordingly limited in amount, and their use is strictly circumscribed. In general, none of them can be tendered in payment for exportable German goods; though in exceptional cases the German financial authorities may give sanction for some special transaction, at a rate fixed by them, which would normally be outside the permissible limits. Register-marks, perhaps the best known among the various kinds of marks conforming to the above description, are, after all, little more than an application of the principle of travellers' cheques combined with hotel and food coupons, extended to cover all other expenses incidental to tourist travel. When the foreigner buys them he is merely acquiring at an auction price the claims of some other foreigner upon Germany. They provide the purchaser with travelling facilities (and these only) and extinguish some fraction of Germany's foreign indebtedness. They cannot be used for the purchase of German goods in competition with standard marks, which a foreign importer is obliged to purchase at the official rate from the Reichsbank.

Having assumed control of all inward and outward foreign trade, the central authority was clearly faced with the task of discriminating continuously between a variety of alternative imports—control itself being due to the impossibility of permitting all desired or desirable imports. It had also to determine or limit the quantity to be sanctioned in each case. It had, in a word, both to balance the value of imports with that of exports by administrative control, and to select them so as to assure the minimum and aim at the maximum satisfaction of the country's needs. The requisite machinery of control, and virtually of economic planning, was accordingly set up. It was soon involved directly in the supervision, if not the actual regulation, of large sections of domestic production and industry. Many

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branches of the latter depended on raw-material imports and had to adjust their activities to the available supply. The degree of capacity to which they could work had in turn a direct bearing on employment and unemployment. The many issues involved and the decisions to be taken by those responsible readily suggest themselves, and need not be enumerated. It has been possible by these methods to avoid a great deal of waste in the national economy. On the other hand, a vast and steadily increasing amount of daily administrative work has had to be performed, which is wholly unproductive. The labour involved is incredible. Tens of thousands of forms have to be completed daily by controllers and controlled. It is believed that half a million people devote their energies to the work. No one, perhaps, except the Germans with their passion for organisation, their natural inclination to take thought for the morrow in its every detail, supported by an almost infinite capacity for taking pains, would successfully have carried out such a colossal task or, indeed, ever have shouldered it.

III. INTERNAL REGIMENTATION

INEVITABLY the impact of these measures of control, beginning with a moratorium and exchange barriers and culminating in the detailed management of Germany's foreign trade and foreign exchange, proved at first severely deflationary and restrictive of trade in general. But the crisis had begun with unemployment of such dimensions as to constitute a social and political menace quite as serious as the threatening exchange depreciation. Domestic trade and turnover had therefore to be stimulated at all costs. The required stimulus was provided by extensive creation of credit behind Germany's closed exchange frontiers and by its direct application on the part of the Government itself. The Government quickly became the largest single *entrepreneur* and employer of labour, engaging in public works, including (but at first by no means predominantly

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consisting of) military preparations. Their justification was based on grounds of national utility and the employment thereby afforded, without particular regard to their producing a profit or earning the interest due on the funds expended.

This policy has proved highly successful in reducing unemployment and galvanising industry into renewed activity. But as the system prevailing within the borders of Germany—that is, behind the exchange barriers—was at that juncture still in the main a normal monetary economy, so great an injection of credit applied to the creation of work and income necessarily had the effect of starting an upward movement in prices. It became marked in respect of consumption goods, the supply of which—whether home-produced or imported—could not rise *pari passu* with the increasing national income and the resulting greater demand for them. To avert the danger threatening from this quarter, which, if allowed to proceed far, would have involved depreciation of the Reichsmark in terms of internal goods and services, price control was instituted.

Price control proved, as always, a treacherous weapon. It seldom happens that the relation between costs and prices is satisfactory to all producers or uniform as between different forms of enterprise. The imposition of fixed prices therefore leads to deviations and distortions of production. Activities are transferred wherever possible from the less to the more profitable forms of manufacture, trade and agriculture, regardless of their bearing upon the general welfare.

To forestall and counter these tendencies—of which abundant experience had been gained in Germany under the system of maximum prices initiated during the great war—the German Government proceeded yet a step further by introducing qualitative and quantitative supervision of production itself, both in industry and farming. It would be an exaggeration to describe it as all-embracing. Considerable elasticity is allowed in a thousand smaller and

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less important branches of trade and manufacture, particularly where no imported raw material is employed and supply is adequate. But regimentation covers a wide field none the less. Not only does it apply to existing production and manufacture, it also entails absolute control over the creation of any new enterprise. This has to receive government sanction both centrally and regionally. What might be termed wanton competition, involving duplication of plant and possible over-production likely to lead to price-cutting, can be prevented in advance by a simple ministerial decision. Furthermore, the Government is in effective control of the capital market and the banking resources which would in most cases have to provide the finance.

To the above measures of economic control, eliminating capital movements and exchange fluctuations, directing trade and supervising prices and production, one important element must be added which is essential to the working of the whole system: the regulation of working hours and rigid fixing of the remuneration of labour and of all services. This development accompanied other processes of regimentation, sometimes preceding and sometimes lagging behind them. But it has now progressed to a very advanced and elaborate stage. And the further one pursues enquiry into the working of the régime, the more strongly does the conclusion emerge that it is the price of labour and the stability of that price—or, reversing the order, the purchasing power of money *in terms of labour and services*—which has become the corner-stone of the whole structure. By this means the prices and cost of production of virtually all goods of domestic origin and material can be controlled and kept at stable levels. The real value of the Reichsmark thus fixed in terms of efficient labour and services is extraordinarily high; and its maintenance is dependent upon the political authority of the state and not on the ordinary monetary and economic influences. Herr Hitler was stating a fact and by no means uttering an empty boast when he declared last February that the true backing of the

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Reichsmark consisted of the quantity and quality of German work. So long as anyone from a miner to a minister can be induced—by whatever means—to give his services efficiently and over a long working day or week for a rigidly determined sum in Reichsmarks, nothing can impair the purchasing power of the currency in terms of domestic goods and utilities. And it would be false to conclude that, because mark-wages are low, the resulting standard of living is necessarily low, though, as will be seen, it is undoubtedly tending to decline. If one man receives a low money wage, so does another. The civil servant or clerk is drawing a small salary, the mechanic or labourer a modest wage; but a very small part of his income will, in turn, purchase the services of a doctor, schoolmaster, tailor, electrician or of the bricklayer to build his cottage. The same applies to all ordinary goods and chattels entering into daily consumption and domestic use. The process comes full circle, in every respect, save in the important matter of imported goods and those whose manufacture requires a high percentage of imported materials. In terms of Reichsmark prices, Germany is not an expensive country. There could hardly be a greater error than that of expecting a breakdown to occur as the political outcome of a low standard of living.

IV. STRENGTH BEFORE COMFORT

THERE are, nevertheless, imperfections in the system, which it has so far proved powerless to remove or correct. Control of prices in a large, complex and highly organised commercial system, dependent upon foreign raw materials, can never be as complete as the control of wages and salaries even under an authoritarian system. Fluctuations do occur in the prices of consumable goods, especially if imported. Loss of purchasing power has to be accepted without complaint or compensation. Strikes are proscribed. The standard of living of the worker

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acts as the shock-absorber for upward or downward movements in the volume and price of the available consumers' goods. This passivity on his side is partly facilitated by the circumstance that greater price fluctuations are frequently avoided through manufacturers reducing the quality rather than raising the price of the goods in question. The necessity for a greater immediate outlay by the worker is averted and the rigidity of wages and salaries preserved. Sober German estimates suggest that the deterioration in quality of a wide range of articles of consumption can be roughly assessed at 30 to 40 per cent. over the last three or four years. Clearly a decrease in the standard of living is involved, but the economic loss, so far as articles of daily consumption are involved, has been written off by the worker himself as soon as it is incurred. No rise in wages, and therefore no increase in general costs of production, is allowed to result from it. The economic disturbance commonly arising out of movements distorting the relation of costs to prices and affecting profits is largely absent.

The simple and ostensible cause—the *causa proxima*—of this downward trend from the consumer's point of view is, of course, the shortage of foreign exchange. Exports have been insufficient to pay for all desirable and even necessary imports. And the average German is given to understand that this is due primarily to the malevolence of the foreigner, who depreciates his own currency and raises prohibitive barriers against German goods; and more generally to the lack of German-owned colonial and even European territory, affording Germans a proper outlet for their productive and commercial energy. In fact, however, it is manifest that imports intended for rearmament purposes have heavily loaded the dice against the German consumer. If, in pursuance of its overriding national policies, the Government has imported raw materials rather than foodstuffs and given preference to explosives over exports, it lies within its own power to reverse matters at any time.

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There is, however, a further factor to be considered in this connection. It seems improbable that Germany's foreign trade could in any circumstances have kept pace with the vigorous rise in domestic industry and trade that has taken place under the enormous stimulus—political, financial and economic—provided by a Government armed with absolute powers. No such powers could influence trade with foreign countries, although subsidies, partly at the expense of foreign creditors, partly provided out of a special levy on the whole of German industry, have been freely applied to exports and supported by robust political and diplomatic pressure.

Herr Hitler himself has repeatedly declared that when he assumed power his first care was to provide work for the six million Germans then unemployed. He addressed himself to the problem by setting his people to work and produce, and not, as had been done in some other countries, by distributing additional money claims upon the existing supply of goods. In a word, he made production and not consumption the starting point of recovery and re-employment. It has since remained the basis of his economy.

Natural resources, however, were insufficient to satisfy all the ordinary wants of the consumer. For the benefit of a population rapidly regaining employment and income, German industry was able to produce millions of cups and saucers but no tea or coffee with which to fill them, except indirectly by exchanging German goods (or services) for those of other countries—a process which proved less obedient to the command of National Socialist authority.

Such exchange was rendered difficult by a number of incidental factors. Owing to retention of the former mark parity, even after the devaluation of the dollar and the gold-bloc currencies, German export prices were too high to be competitive. The exchange resources of the Reichsbank had meantime fallen so low that payment for German imports was—and is—usually offered, more or less directly, in the form of German goods rather than in

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cash available for purchases of goods or settlement of obligations in any part of the world. This proved irksome to traders abroad, so that German purchasers were often obliged to bid more than world prices in order to induce acceptance of such novel and inconvenient terms of payment. And the higher cost of raw materials reacted in turn on the competitive cost of German exports. At the same time, Germany was losing rather than securing goodwill in other parts of the world by its aggressive political attitude, its harsh treatment of the Jews, and its insolence in default.

An element of incongruity has thus entered into Germany's economic recovery. Unemployment in 1938 has been smaller than in any post-war year, production in most heavy industries a record. The national income is rising steadily. Savings, as shown by the returns of the savings banks, have reached higher figures than ever before. Subscriptions to a recent Reich loan amounting to Reichsmarks 1,600 million (to a large extent freely tendered and not merely "made available" by Government pressure upon banks, savings banks and insurance companies) were greater than any in Germany's previous peace-time experience. Yet these favourable developments have been accompanied by a more acute shortage of essential foodstuffs. Bread is conspicuously poor in quality; butter is rationed and inferior; eggs, oranges and many other items are at recurrent intervals hard to obtain. Moreover, there has been greater deterioration in the quality of the reduced supply available than at any time since the last war.

By contrast, production in the capital-goods industries is not only striking, but very steady. Virtually the whole flow of the country's savings, large and small, enforced or unenforced,* is canalised and directed without noticeable

* *E.g.* through heavy taxation and special levies; limitation of dividends distributable; or even simply through the absence of goods on which the average consumer would have spent a part of his money.

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delay or interruption into public-works enterprises or the construction of industrial plant. At first sight, the system seems almost perfect. Doubts as to how long outlets will be available for building or other enterprise can be set aside for the present. As an indication, the circumstance may be cited that in Berlin alone projects are in course of preparation for the housing of 70,000 families clamouring for flats or other accommodation. And if this question of the future saturation point is dismissed, the steady and continuous turnover of money—a fundamental condition of economic prosperity, interruption of which is generally regarded as a cause no less than an effect of downward movements of the trade cycle—is wholly assured. The spectre of unemployment has ceased to afflict either the Government or the worker.

Some, at least, of the fears expressed with regard to the régime and its present over-emphasis of public works and public expenditure are distinctly premature, if not groundless. Critics who have apprehended the immense gain in stability of employment and in scope for rational and well-planned social (as compared with individual) enterprise by the government or state, have urged that the system can only work at the cost of heavily increasing indebtedness. They consider that although Germany started from an unusually favourable position in this respect—its war and pre-war debt having been depreciated out of existence—the debt charges now steadily being incurred must within measurable time imperatively call for a halt or a slowing down in government expenditure: whereupon there would ensue a relapse into the economic instabilities and imperfections of former times.

Against this contention one or two considerations may be advanced. Though the Reich debt charge is rising, it is almost certainly rising less than proportionately to the increase in fiscal revenue. It is doubtful whether it amounts to as much as 3 milliards out of a total of 14 milliards collected during the last fiscal year. The rate of taxation,

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especially on small incomes, would be politically inconceivable almost anywhere else. The Reich Government is intent upon making each year a sufficient levy on the national income (at present 28·9 per cent., according to semi-official German estimates) to finance an increasing proportion of its capital expenditure out of revenue instead of loans. The accumulation of excessive interest charges is avoided by the process of converting a percentage of individual income into national capital through the intermediary of the state. What it really amounts to is enforced saving through enforced under-consumption.

Fiscal revenue has risen in three years from 8 milliards to 14 milliards and is expected to reach 16 milliards for the current year. If so, this will indicate that total national income has risen, but also probably that the process of enforced saving through enforced under-consumption has progressed a stage further. For the consumer's position has actually worsened. What he has to forgo in consumable articles is, however, made up to him—according to the professions and practice of the totalitarian economic régime—in the form of additions to the general wealth and amenities of his country which he, like all others, is free to enjoy and appreciate—or not.

V. “OVER-CHARGED WITH PURPOSE”

FROM the foregoing sketch of Germany's controlled economy many relevant features have necessarily been omitted. Even a cursory survey, however, discloses baffling contradictions and cross-currents in the system evolved.

Exchange stability has been secured without the use of gold; but the parity, so strenuously preserved, is a hindrance rather than a help to trade. Domestic industry flourishes, but foreign trade lags. Control of imports and exports eliminates waste, but creates a mass of unproductive labour. Unemployment has been banned, but longer

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working hours seem to set at naught the social and technical progress of a generation, and leave the nation with hardly an ounce of reserve energy for an emergency. The food supply may be described as the worst, in quantity and quality, for many years, but its distribution is equitable; scarcity gives rise to rationing, and is not allowed to affect price. The small income of the worker is supplemented by a "social income" consisting of indirect benefits (such as gifts and loans to newly married couples) and facilities for recreation, entertainment and travel.

The fiscal position is strong. A large debt has been created in a short time, but its rate of growth has been checked, and the total burden is light as yet. Revenue is rising. Taxation, however, is punitive in its severity, and voluntary contributions—which it would be politically imprudent to refuse—are constantly demanded in addition.

But the significant element in German fiscal methods is the excess of revenue over current administrative expenditure. It provides a fund of several milliards annually for capital or rearmament projects. Over-taxation and under-consumption are complementary and essential factors in the stability, at a high level of production, of Germany's domestic economy. Employment is assured to the worker and paid for by a reduction in his standard of living. The influence of the trade cycle is eliminated. The scale of wages, rigidly maintained, compels variations in the standard of living to serve as a buffer against variations in the value of money—a complete reversal of traditional economic methods almost unthinkable in a less authoritarian régime.

The policy of fostering trade—or securing indispensable supplies—by means of bilateral agreements is not an unqualified success. At any rate, it has not produced plenty. It is, of course, the negation of international trade, which alone offers the most economical use of the world's productive and natural resources. Nor can it replace the functions of money and supersede the regulative

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and distributive mechanism of prices, dependent upon free exchange. Instead, it forces others to the involuntary adoption of similar methods in defence of their interests. Trade assumes a more explicitly political character than heretofore. One is reminded of rearmament, which no one wants, but which the example and impact of Germany forces everyone to pursue.

The closed and controlled economic system of Germany can claim many advantages to offset its disadvantages, and it is in no danger of breaking down. It is perhaps too early to decide whether it offers any positive and permanent contribution to the knowledge and conduct of economic affairs. But if it has banished doubt and despair among the sorely-tried population of Germany, it has produced little happiness or comfort. The atmosphere seems always to be tense and strained. It is over-charged with purpose. People seem to be continuously subjected to the restraints, inhibitions and exhortations of a crew training for a boat race; and that is an *ethos* few of us would care to endure for a lifetime.

THE SOVIET UNION AND EUROPE

I. THE FRANCO-SOVIET PACT

IN August of last year Trotsky, surveying the contemporary world from his refuge at Coyoacan in Mexico, wrote an article entitled *The Coming World War*, in which he declared:

The Franco-Soviet Pact is no longer a constant factor. Unlike the old Franco-Russian military alliance, it has no real substance. French policy, always following Great Britain, oscillates between a conditional agreement with Germany and unconditional friendship with the U.S.S.R. The greater these oscillations become, the more serious will be the final decision.

The actual course of events is well described by this forecast. After a year of oscillations France has taken a decision that, as far as central Europe is concerned, may be regarded as final, and this decision has gravely compromised the Franco-Soviet Pact, signed in May 1935 and intended to provide with joint guarantees of Czechoslovakia an effective restraint on the territorial expansion of Germany. It would be too much to assert that the Franco-Soviet Pact is now incapable of revival, but it is certainly in a state of suspended animation. France has surrendered the Czech bastion, and the terms of surrender were arranged at Munich at a Four Power conference from which the Soviet Union was ostentatiously excluded. The western democracies appear to be framing their policies on the principle "of letting Germany go east".

In undertaking to aid Czechoslovakia against a German attack the Russians very wisely made their assistance conditional on action by France, and they are therefore able to put upon France all the responsibility for the abandonment of the Czechs. But this moral satisfaction can hardly console

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the directors of Soviet foreign policy for the setback which they have now experienced after committing Russia so deeply to collective security and the French alliance. A fresh stocktaking is necessary on the morrow of such a disaster, and a choice must be made by Russia between two courses of policy: a determined attempt to build a new coalition for restraining Germany or a deal with Herr Hitler on the principle of "letting Germany go west". The decision does not, of course, rest only with Russia. She cannot co-operate with Britain and France unless they are willing, and cannot acquiesce in a German drive to the west unless Germany is prepared to forget about the Ukraine and go back on the words of *Mein Kampf*. In so far as Russia can choose, however, the choice will be made in accordance with the fundamental need of preventing a hostile coalition of the great Powers of western Europe.

From the close of the civil war in 1920 to the autumn of 1933 Russia sought to strengthen Germany as a check on France and Britain, who were regarded in Moscow as the principal enemies of the Soviet régime. Germany, crushed and disarmed after Versailles, now separated from Russia by the whole width of Poland, and herself a nation under tribute, had neither the power nor the will to attack the Soviet Union. But France and Britain, though frustrated in their anti-Bolshevik interventions of 1918-20, remained openly hostile and stood by their claims on the repudiated debts and confiscated properties. The border States, especially Poland and Rumania, were under French influence, and the army of Wrangel, withdrawn from the Crimea in 1920, was in emigration, ever waiting for an opportunity to renew the struggle on Russian soil. In these circumstances Soviet foreign policy aimed at exploiting the hatred of the German nationalists towards France and at putting Germany in a position for a future war of *revanche*. No actual military alliance was ever concluded, but the Rapallo Treaty of 1922 covered a secret military arrangement of immense value to the German Reichswehr. It was agreed that for an annual

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payment of 250,000 gold marks selected officers of the Reichswehr should be sent to Russia and be trained secretly in the use and tactical handling of heavy artillery, tanks and military aircraft, which were forbidden to Germany under the Versailles Treaty. This agreement continued in operation until 1935—two years *after* Hitler came to power—when he himself cancelled it. Without it a rapid German rearmament would never have been possible, for the capacity to manufacture weapons is of no value unless there are men skilled in their use, and the experience of the great war would not have been sufficient if there had been no practical up-to-date training of specialists between 1918 and 1933.

The assumption underlying the Soviet policy of aid to Germany was that the restoration of German military strength would mean a settling of accounts with France, but no danger to Russia. This assumption would have been correct if the old-fashioned nationalists, and not the Nazis, had been able to control the direction of German policy. But they were not. The triumph of Hitler was the triumph of the *Easterner* school of German expansionism; it implied, in accordance with the doctrines of *Mein Kampf*, an ideological front against Bolshevism—which the capitalist magnates of London and Paris could be invited to join—and the creation of a German continental empire that would recover all the immense gains of the Brest-Litovsk and Bucharest treaties of 1918.* The menace was perceived by officers of the Red army long before Stalin's *Politburo* thought that a change of policy was necessary. After the Reichstag fire a Russian airman at Ljuberci (the flying school for German officers near Moscow) remarked: "We Russians are a set of idiots! We have trained Hitler's officers, and he will repay us with bombs dropped over Moscow". To which the Germans present replied with the old assurance: "No, not over Moscow! Over Paris!"†

* For the development of the *Easterner* doctrine before Herr Hitler took it up, see the essay *Moscow, the Root of All Evil*, written by Major-General Hoffmann in 1922 and published in his *War Diaries and other Papers*, Vol. II, p. 359.

† E. Wollenberg, *The Red Army*, p. 238.

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Hugenberg's proposals for German colonisation in Soviet territory, put forward with such extraordinary tactlessness at the World Economic Conference in the summer of 1933, provided a danger signal which could not be mistaken. The anti-Bolshevik propaganda of the Nazis grew steadily both in volume and in vehemence. Meanwhile, the Soviet frontiers in the Far East were being menaced by the new continental expansion of Japan. Threatened with diplomatic isolation and with foreign aggression on two fronts, the Soviet Union was compelled to enter "the imperialist robbers' den", *i.e.*, the League of Nations, and to conclude "within the framework of the League" a military alliance with France.

The Franco-Soviet Pact meant that the Soviet Union was for the first time ranged in full alliance with an imperial capitalist State. The assistance previously given to Germany had not involved any obligation to go to war on Germany's behalf, nor any formal renunciation of international revolutionary aims. The new commitments, however, implied a fundamental departure from the Leninist idea of world revolution, as was made clear by Stalin in his amazing interview with Howard of the American Scripps-Howard press syndicate in March 1936. It was no accident that Stalin's categorical repudiation in this interview of everything that the Bolshevik party had stood for in the days of Lenin was followed five months later by the execution of Zinoviev, Kamenev and Smirnov, and within two years by the destruction of nearly all the surviving leaders of the October Revolution. The internal crisis that has ravaged the Soviet Union since the summer of 1936 has been in large measure the result of the international situation, though it cannot be fully explained except in terms of domestic politics.

II. STALIN AND THE BUREAUCRACY

SINCE the time of Lenin the Communist party of the Soviet Union has been completely transformed by the abolition of the two features which Lenin regarded as essential to its

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political honesty—the guarantee of free political controversy within the party and the strict limitation of income for all its members to approximately the level of a skilled workman's wages. The abolition of these safeguards, dating from the end of the year 1927, has led on the one hand to the emergence of Stalin as an absolute, despotic ruler requiring unconditional obedience from all Soviet citizens, and on the other, to the formation of a privileged bureaucratic caste whose highest strata can already be counted as "rich" in comparison with the general standard of living in the country. Stalin has established the privileges of the bureaucrats, and the bureaucrats support Stalin in his despotism. This system is called socialism, and anyone who questions its claim to the title is sent to one of the Soviet Union's many concentration camps; everything is done in the name of Lenin, who lies mummified in his tomb and cannot protest.

Lenin was no democrat, as the word is understood in England, but he believed in "democratic centralism" as the proper constitution for the Communist party. The party, as the one party of the proletariat, could not tolerate any organised opposition outside itself. But within the party, among its members, there was to be a free political life with the fullest discussion of all issues of policy, subject only to the condition that the decisions of each party Congress must be loyally observed by all members until the next. The delegates of all the local branches forming the party Congress elected the Central Committee, which in turn elected the *Politburo*, the supreme authority both in the party and in the state. There was no room in this system for an infallible autocrat, and Lenin himself never attempted to assume such a rôle; he held his position as leader by free election through wrangling and controversies, often of great bitterness, with other leading figures of the party.

Unfortunately for the working of this system, the mechanism for controlling admissions and expulsions gave an enormous power to the party secretariat. The party membership was scattered over one-sixth of the earth's surface; it could

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only be held together, organised, instructed and disciplined through the secretariat, through which also all recommendations for administrative posts had to pass. Stalin built up his personal power as general secretary of the party, and when he had gained full control of the organisation through the local secretaries, he was able to threaten all rivals for leadership with expulsion—which was equivalent to political extinction, since there was no other legal party in the state. The colleagues of Lenin realised too late their helplessness, which is vividly expressed in a letter from Kamenev to Zinoviev recording a conversation with Bukharin in 1928. Bukharin said:

For several weeks I have ceased talking to Stalin. He is an intriguer without principles, who subordinates everything to the possession of power. He changes his theory for the purpose of eliminating this or that rival. . . . What can we do? What can we do in the face of an adversary of this sort, a debased Genghis Khan of the Central Committee?

The Genghis Khan of the Central Committee has now rid himself finally of Kamenev, Bukharin and their kind, but he is not all repression; he knows how to reward his uncritical supporters no less than how to punish those who refuse to submit to his authority. In the early stages he found it difficult to satisfy his followers within the party because of the maximum income rule laid down by Lenin with the specific object of averting a spoils system and preserving a proletarian standard of living. But the rule was abolished after the Fifteenth Congress (December 1927), at which the Left Opposition Communists were expelled. As time went on, it was explained that it was the duty of a Communist to earn as much as he could, and by merit; or, in other words, by loyalty to Stalin he might hope to earn not two or three times, but fifty times as much as an ordinary proletarian. A new privileged class has thus been created to be the bulwark of the autocracy; its members are accountable to Stalin alone, for no popular opposition or criticism is tolerated, and all elections are merely to register nominations from above.

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An interesting picture of the new ruling class is drawn by Dr. Anton Ciliga in his book, *Au Pays du Grand Mensonge*. The author was formerly a member of the *Politburo* of the Yugoslav Communist party and lived for ten years in Russia. Of the Communist *élite* of Leningrad, the inhabitants of the "Party House", he writes as follows:

All this circle, all these families, had something in common, belonged to a single social and psychological type. It was a new aristocracy of *nouveaux riches*. I knew, certainly, that these people represented the new privileged class, but what was new to me was the fact that they were fully conscious of it and were completely permeated with the spirit of caste. . . . They had no consideration except for those who occupied a dominant position in society. . . . The value of a man was measured by the elegance of the country house at which he could stay, by his flat, his furniture, his clothes and his position in the administrative hierarchy.

If the picture of contemporary Russian society drawn by Dr. Ciliga is at all truthful—and, in spite of assurances to the contrary from the Dean of Canterbury, there is a great volume of evidence to confirm it in outline—then it is clear why the present rulers of Russia have no enthusiasm for the rekindling of the fires of the October Revolution, by the legend of which they live; and why they must at all costs silence by death or imprisonment all the Old Bolsheviks—not necessarily old in years—who mean by socialism something different from the rule of the Stalinist bureaucracy. The suppression of the Old Bolsheviks has now been carried out with the utmost ruthlessness, and it is with justice that Ciliga prefaces his book with the comment of Balzac: *Les révolutions populaires n'ont pas d'ennemis plus cruels que ceux qu'elles ont élevés*.

III. THE RED ARMY

IN 1921 Tukhachevsky wrote the following words:

Outside the frontiers of the Soviet Union our Red army should be regarded as a formation of international cadres. . . . This army must learn to forget that one national element preponderates in it; it must realise that it is the army of the international world proletariat, and nothing more. Wherever it goes, the people must be made to feel that it is a Red army and not a Russian one.

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In 1937 the author of this declaration and other leading generals of the Red army, with Orlov and Alksnis, heads of the Red navy and Red air force respectively, paid for this faith and the actions to which it led them, with their lives. Since then Marshal Blücher, the most brilliant of the survivors, has "disappeared" and is presumed to have been executed.

Tukhachevsky worked out in detail a theory of war corresponding to the political doctrine of Leninism. It followed from the conception of the rôle of the Russian Bolsheviks as the vanguard of the world revolution that Soviet Russia must be prepared to fight alone against any combination of capitalist States, trusting for ultimate salvation in proletarian revolutionary uprisings behind the lines of her enemies. This idea was the starting point of Tukhachevsky's military theory. He believed that in a war against one or more capitalist Powers the Red army could ultimately achieve victory through the spreading of proletarian revolution. But such relief could not be expected in the initial stages of a war, and, therefore, in order to be able to withstand the first shock, the Red army must be capable of pitched battle with the strongest of its foes. For this purpose Tukhachevsky was an ardent advocate of thorough mechanisation, adapting the natural aptitudes of the industrial proletariat to an industrialised type of warfare, and here his doctrine ran counter to the thesis of another school that "the Red army cannot undertake the task of rising to the technical standard of imperialist armies; it must win victories by its enthusiasm". Tukhachevsky denounced this view—the chief exponent of which was, and is, Voroshilov—as "foolish chatter", and claimed that the Red army must aim at the highest technical standards.

It goes without saying that Tukhachevsky and his colleagues, devoted to these aims, set no store on alliances with capitalist States. They held that friendly understandings with such States might be desirable as a temporary expedient, but that the Soviet power should never deprive itself of a free hand for promoting revolution internationally when the

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opportunity arose. If Russia were to bind herself with a full military alliance, she would be confronted in time of war with a dilemma: either she must break up the coalition and alienate her capitalist ally by promoting proletarian revolution instead of fighting simply as a national State, or else she must refrain from revolutionary socialist propaganda in order to maintain the alliance—which would be treason to the Marxist cause. As regards the latter alternative, the Red army internationalists agreed with Trotsky's dictum that

to fight for the preservation of a national basis of revolution by such methods as weaken the international ties of the proletariat, actually means to undermine the revolution itself.

Naturally such doctrine could not co-exist with Stalinism, and the divergence between the official party line and the Leninist tradition of the Red army became more and more pronounced from 1933 onwards. The Red army internationalists reproached Stalin with treachery to the cause of world revolution; they also accused him of destroying the harmony of proletariat and peasantry in Russia by the policy of forced collectivisation and thereby weakening national defence. Stalin's attempt under the First Five-Year Plan to collectivise the peasantry by sheer force in advance of effective industrialisation has left a legacy of social tensions and complications which are still a dangerous factor of weakness in the structure of the Soviet Union. Since 1934 Stalin has made considerable concessions to peasant individualism, but he has not been able to carry out any radical revision of policy because of the vested interests of the vast rural bureaucracy which he created in order to enforce collectivisation during the years 1928-33. In this, as in other ways, Stalin has become the prisoner of his own creatures. The Red army, however, became a medium for the expression of peasant discontent, and its leadership voiced the demand for a new political freedom, by which means alone the Stalinist bureaucrats could be called to account. Above all, Tukhachevsky and his associates denounced, as endangering the fighting power of the Red

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army, the renewed Russian oppression of the non-Russian nationalities under cover of centralised economic planning.

With these grievances against the Stalin régime, for which under the dictatorship there could be no remedy by legal and pacific means, the leaders of the Red army in concert with some civilian politicians of the Communist party finally resorted to conspiracy and planned the overthrow of Stalin by a military *coup d'état*. Frich Wollenberg, who served in the Red army from 1921 to 1936 and is devoted to the memory of Tukhachevsky, fully admits that there was such a plot, and in his book *The Red Army* he gives some interesting details of it. But what he denies, and what is quite incredible in view of the known political antecedents of the drama of May 1937, is that Tukhachevsky, Gamarnik, Yakir, Uborevitch and the rest plotted the defeat and ruin of the army they had built up with such remarkable zeal and energy and the surrender of Russia to that very capitalism they had spent their working lives in destroying. In Wollenberg's words :

Reasons of home politics required the Red generals to be slandered as spies and advocates of the restoration of capitalism, for it was impossible to send them to execution as champions of Soviet democracy and internationalism.

The "Eight Generals" and the great majority of those known to have been killed in the purges of the last two years have been executed without public trial, but a certain number of leading Opposition Communists have confessed in open court, not only to conspiracy against Stalin, but also to intentions of restoring capitalism, bringing about the defeat of the Soviet Union in war, handing over the Ukraine to Germany, eastern Siberia to Japan and central Asia to Britain, producing train wrecks and mine accidents, and otherwise acting in the service of counter-revolution. These extraordinary confessions are regarded generally with bewilderment in this country; it is assumed that they must either be true or else have been extorted by threats or torture, and both hypotheses are hard to accept in relation to such veteran revolutionaries as Kamenev, Smirnov and Piatakov—men who on their life

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records were equally unlikely either to have entertained the projects to which they confessed or to have confessed falsely under coercion.

The mystery is explained if it is remembered that these men were fanatical Communists, that propaganda for the party is a Communist's first and last duty, that self-accusation is the most convincing form of propaganda, and that, as Oppositionists persuaded by their own arrest of their inability to replace Stalin and by their consciences of the danger to the régime involved in the failure of their plot, the accused had good reason for giving their last services in order to avert what seemed to them an even greater evil than Stalin. All the Opposition Communists hated Stalin, yet he was in their eyes "the last Bolshevik"; they believed that he would always seek to maintain a certain minimum of socialism and prevent the reaction against the October Revolution from running its full course. A flood of light is thrown on their state of mind by a remark of Piatakov to Kamenev in 1929:

Stalin is the only man who can still be obeyed. Bukharin and Rykov are mistaken when they think it is they who would take power after him. It is the Kaganovitchs who would rule; I do not wish to obey any Kaganovitchs and I will not obey them.

The brothers Kaganovitch are here taken as the type of Stalin's courtiers, "the opportunists without scruples or convictions, the late-comers of the revolution". For the comrades of Lenin Stalin is still "one of us"; the Kaganovitchs are not. There is a greater evil than Stalin; therefore the accused Bolsheviks abased themselves and paid their tribute to the Leader, even though they hated him and knew they could expect no mercy.

IV. THE CRISIS AND AFTER

THE purges of the Red army, by completing the dissociation of Stalin's Russia from revolutionary internationalism, have made it easier for Russia to maintain alliances with capitalist States, but they have at the same time weakened her

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military striking power, not only by the elimination of so many of the ablest men, but even more by the destruction of the old fighting spirit of the Red army. The executions of May 1937 and the subsequent mass arrests and condemnations of officers of all ranks have had a most demoralising effect. As Wollenberg puts it:

If 60 per cent. of the men occupying posts at the head of the party, the state and the army under Lenin are spies and traitors, why not also the other 40 per cent. ? . . . But since the officers' corps contains few men who really believe Tukhachevsky and the other Red generals guilty of treason, the only result of the "trial" has been to create an unbridgeable gulf between the army and the Stalinist ruling clique.

In these circumstances the new commanders of the Red army are not unnaturally inclined towards a cautious and tentative strategy and a limitation of military liabilities. Moreover, knowledge of their reluctance to undertake large-scale offensive operations was undoubtedly an important factor in the French decision not to accept Germany's war challenge this year. It was clear that Russia could only intervene decisively against Germany in a European war by marching through Poland. But Poland had made it known quite definitely that any attempt by the Red army to pass through her country would be resisted by force of arms, and Russia gave no assurance to France of an intention to break down such resistance. Litvinov's formula that the Soviet Union would assist Czechoslovakia "by all the ways open to us" repudiated responsibility for rendering assistance by any way not "open"; it amounted to an acceptance of the Polish ban.

With Poland neutral, Russia could make war only by sending acroplanes and by moving some troops to the support of the Czechs along a single line of single-track railway through the Rumanian section of the Carpathians. The Carpathians, less high but far wilder at the present day than the Alps, form the greatest natural barrier in eastern Europe, and communications across them are far too deficient to allow a big Russian army to operate within their arc. Only the open

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plains of Poland would have given scope for a full-scale war; intervention through Rumania—except in the air—could not have been a main factor in deciding the issue. The Soviet air force would no doubt have done much damage to Germany, but it is unlikely that it could have saved Czechoslovakia if the French had failed to break through the Siegfried Line. However, the Soviet Union stood to gain either way; if Germany were defeated, the Nazi menace would be removed, and if Germany were victorious over France and Czechoslovakia, Russia would be left in effective control of Rumania and thus in a strong position for making peace with Germany and securing her vulnerable south-western frontier.

If war had come in September, France would have had to bear the brunt of the land fighting against Germany, and London and Paris would have had to endure the weight of the German aerial offensive. Russia, fighting from behind a neutral Poland, would have been only lightly engaged, and almost all her vital centres would have remained beyond the reach of German aircraft. France was unwilling to enter a war on these terms, and Russia, having made her assistance to Czechoslovakia conditional on French action, did nothing on her own initiative to help the Czechs. Russian intervention without France would have been useless.

The Red army to-day, purged of its world-revolutionary offensive spirit, is to an exceptional degree stronger for defensive than for offensive purposes. The vast size of the Soviet Union, the remoteness of its vital centres from the frontiers, and the deficiency of railways and good roads, are advantages in defence against invasion, but sources of weakness for a movement of attack against a great Power. Transport is still the Achilles' heel of the Russian war machine, and several years must still pass before the "steam-roller" can be sustained by an adequate system of communications. On the evidence of the Soviet press itself the Russian railways cannot carry out a proper peace-time distribution of oil supplies; war-time demands would create appalling difficulties. Agriculture has been mechanised

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to such an extent as to have become dependent on a continuous supply of tractors and oil, and if too much transport and industrial production were diverted to military purposes, famine might result. On all counts the Soviet Government has good reasons for trying to avoid commitments at a distance and for concentrating on the defence of its own frontiers.

This does not mean, however, that the Soviet Union is not interested in what goes on outside its borders, or that its alignment in world affairs is unimportant. The rulers of Russia have no concern for the fate of the British and French colonial empires, nor have they any regard for the defence of democracy—which in their own political practice they utterly reject—but they do now recognise that Britain and France are sated Powers, whereas Germany and Japan are violently expansionist and geographically nearer to the Russian frontiers. There is, therefore, a real inclination of Russian foreign policy towards co-operation with France and Britain as long as those nations are making any effort to preserve an international balance of power and are disposed to value friendly relations with Russia. For the reasons given above it would be unwise to count too much on direct military support from Russia in any diplomatic calculations. But in a crisis there is not only the division between allies and enemies; there is also the distinction between benevolent and hostile neutrals. Russia in a world war, even without actually fighting, would have the power to grant to Germany, or to withhold, the raw material supplies that would probably make the difference between victory and defeat in a struggle with Britain and France.

Other things being equal, Russia will almost certainly withhold such assistance, because she fears an over-powerful Germany and prefers to see a balance of power in Europe. But if hard pressed by Germany and rebuffed by Britain and France, she could and would do a deal with Germany on these terms. Germany would then be able to turn against

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the western democracies with a terrific concentration of power. It is true that *Mein Kampf* dooms the Ukraine, and not the British, French and Dutch colonial empires, for conquest by the Third Reich, but that will not determine history if the Führer is once convinced that Germany's western neighbours are more vulnerable to attack than Soviet Russia; for a dictator nothing is unalterable except he need for success.

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I. HIBERNIA IRREDENTA

INSPIRED by recent European events, some of the Nationalist organisations in Northern Ireland have put forward demands for a county plebiscite on the question of reunion with Ireland. No doubt such a plebiscite would show that three of the Northern counties desire reunion. But if their wishes were granted, the only result would be to drive the remnant of Ulster into the British political system for good. Self-determination is, in fact, a double-edged sword. Mr. De Valera does not share the views of the Northern Nationalists, for in an interview, published in the *Evening Standard* on October 17, he renewed the proposal which he made during the Anglo-Irish negotiations in London last January. According to this plan, the residual powers over Northern Ireland now held by Great Britain would be transferred to an all-Ireland parliament, the existing Northern Ireland Government and Parliament to remain as at present and to give adequate safeguards for the Nationalist minority under its rule.

Urging Great Britain to take steps to persuade the Northern Government to settle the problem on these lines, which constituted in his view a practical but not an ideal solution, Mr. De Valera said it was possible to visualise a critical situation arising in the future in which a united free Ireland would be willing to co-operate with Great Britain to resist a common attack. While partition remained, the chances of such co-operation in the event of a European war were, he added, very slight. If such a war occurred whilst British forces were in occupation of any part of

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Ireland, Irish sentiment would be definitely hostile to any co-operation.

In a statement made to a meeting of the United Ireland party in Dublin on October 25, Mr. William T. Cosgrave T.D., the Leader of the Opposition, said that Mr. De Valera's interview was directed more to retaining political support than towards initiating a general move to find agreement on the removal of the border. If a serious attempt were in contemplation to find the way to end partition, the Prime Minister of Great Britain might be requested to arrange a conference between the Prime Ministers of Ireland, Northern Ireland and Great Britain. There was at least one common ground upon which this conference could be held, namely, a serious endeavour to find an agreed formula for the better government and defence of Ireland. If the policy of force for the removal of partition had been abandoned, the only policies that remained were negotiation and the power of attraction. What they required was not publicity and newspaper interviews, but some united effort to discover whether in fact our people would make progress if national problems and resources were tackled and developed in friendship and goodwill with Great Britain.

On his side, Lord Craigavon's response was the now somewhat hackneyed war cry of "No Surrender", and it is understood that the British Government will take no steps to interfere in a matter which it considers is one for Irishmen to settle themselves. It is certainly true that the situation arising from a divided Ireland might easily have serious repercussions in the event of war, for the Nationalist minority in Northern Ireland would probably adopt an intransigent attitude in which they would be supported by the extreme Republican elements on this side of the border. On the other hand, the reiteration of demands which cannot be satisfied only keeps alive old animosities, and does no good whatever. There is no short cut to the unity of Ireland, and it is both foolish and

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wrong to encourage the belief that there is. The only hope is the avoidance of irritation and the practice of conciliation.

II. A VOCATIONAL SECOND CHAMBER

WITH the Dail adjourned and our leading politicians recuperating after the general election, we have recently enjoyed a welcome rest from political controversy. The most important event has been the completion of the Senate election. This protracted performance terminated on August 18. Eleven of its sixty members are nominated by the Prime Minister, six are elected by the two universities, and the remaining forty-three are elected by an electoral college consisting of the Dail and seven members from every county and borough council. The members of the Dail and certain public bodies nominate the candidates. The result of this election was very similar to the last.* 129 candidates were nominated for the forty-three seats to be filled by the electoral college, but on this occasion the Labour organisation did not boycott the election, and nominated candidates.

Once more the political nominees swept the board, whilst some of the most eminent men in the country did not receive a vote. Mr. J. J. Parkinson, the well-known horse-dealer, again headed the poll as one of the representatives on the cultural and educational panel. He was closely followed by Mr. P. T. Kelly, the manager of the Royal Liver Friendly Society, and Miss Margaret Pearse, the sister of Patrick Pearse, the leader of the 1916 rising. Among the other successful candidates was Mr. Desmond Fitzgerald, formerly Minister for Defence and afterwards for External Affairs in Mr. Cosgrave's Government, who approaches politics from a philosophic angle, Mr. P. Hogan, a former deputy-speaker of the Dail, who was a Labour candidate, and Mr. Sean Gibbons, a Kilkenny farmer who

* See THE ROUND TABLE, No. 111, June 1938, pp. 533 *et seq.*

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was chairman of the last Senate and has now been re-appointed. Thirteen outgoing members were defeated, the most extraordinary result being the defeat of Mr. Patrick O'Malley, vice-chairman of the last Senate, and a prominent member of Mr. De Valera's party, who did not receive a single first preference vote. Mr. De Valera's nominations were the same as in the previous Senate, and there was no change in the university representation. Like its immediate predecessor, the new Senate will not be a vocational chamber, as was intended by the Constitution, but a political body like the Dail. The original Free State Senate, which Mr. De Valera abolished because it opposed his policy, was definitely more representative in every way. But the idea of a vocational second chamber is a sound one if it could be elected directly by vocational groups.

It is the almost entire absence here of any complete vocational organisation which is the difficulty. The late Senate, at its last meeting on July 14, passed a resolution asking the Government to appoint a small commission to examine and report on the possibility of extending vocational organisation by legislative or administrative action. Mr. Frank MacDermot, who proposed the resolution, said that his principal object was to lay a firm foundation for a vocational senate; but the motion had wider aspects than that, being based on the idea that it would be good to revert to an order of society where men were grouped more than at present on vocational lines. There was in Ireland, he said, a chorus of general approbation of the views of the Pope about social reorganisation, but he thought that the papal encyclicals had been more praised than read, more read than understood, and more understood than practised. If they were to get rid of the horizontal division between classes, with capital on one side and labour on the other, and to substitute vocational groups in which would be included every grade occupied with the activities which that group represented, would such a phenomenon as a Labour party be tolerable? It was very much to be desired that

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instead of complacently referring to the wisdom of the encyclicals, they should set their minds to work and face the difficulties. The principle of a vocational second chamber had, he said, been accepted, and the question now was how to put it satisfactorily into practice. Democracy had failed in some countries because it was inefficient. He believed in democracy, and wanted to make it efficient and to strengthen it. It would be a great advantage if they could contrive a second chamber where measures could be considered from a different angle and with less party pressure than in the Dail. Such a second chamber could bring into public life reserves of competence and ability that would not otherwise be at the disposal of the State.

Professor Tierney, who seconded the motion, said that the organisation of the whole country on vocational or functional lines was an object in itself, and in many ways a higher and more important object than the organisation of a second chamber. Vocational organisation, he continued, was the approved Christian method of escaping from the dilemma which had been presented to the world by the anarchy of modern materialistic capitalism on the one hand and the slavery of Communism, and various other forms of dictatorship, such as National Socialism, on the other. What was proposed in functional organisation was not the abolition of liberty or the destruction of democratic institutions, but rather the strengthening of each against attacks levelled at them from both sides. Unfortunately they had done little except in a tentative and superficial way to bring about a real social revolution on the Irish and Christian lines which their national claims had for a long time clearly envisaged. In Ireland they were very seldom conscious of their exact situation in this matter of social organisation or social policy. They presented the unique spectacle of an ancient people whose own native and traditional institutions had been entirely battered away by centuries of storm, and which had taken over in a very attenuated and superficial form institutions

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not made for it, but rather impregnated with ideas and doctrines entirely at variance with its natural instincts and with its whole historic past. 'They had therefore, he said, to begin almost at the beginning, and before they could make progress they must survey the ground. 'This involved some degree of State initiative such as the commission of enquiry suggested by the resolution.

As Mr. MacDermot and Professor 'Tierney are both members of the new Senate, and as Mr. De Valera is known to favour the development of vocational organisation, we may be certain that the last has not been heard of this important and interesting question.

III. THE BANKING COMMISSION REPORT

THE monumental report of the Banking Commission, which has been sitting for the last three and a half years, was published early in August. It is one of the most important public documents that has appeared since the establishment of the Irish State. 'The Commission was appointed in November 1934 by the present Government to examine and report on the system of currency, banking, credit, public borrowing and lending, and the pledging of State credit on behalf of agriculture, industry and the social services, and to consider and report what changes, if any, were necessary or desirable to promote the social and economic welfare of the community and the interests of agriculture and industry. 'The Commission, quite properly, put the widest interpretation on its terms of reference, and the result is a complete survey, not only of banking and currency questions, but of our entire economic life.

Its twenty-one members were presided over by Mr. Joseph Brennan, the very competent Chairman of the Currency Commission, and they included the head of the Department of Finance, the chairmen of the Industrial and Agricultural Corporations, several bank directors, three professors of Economics from the Irish Universities, a

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Roman Catholic bishop, representatives of labour, and two foreign experts, Professor Gregory and Mr. Per Jacobsson of the Bank for International Settlements. That a Commission of twenty-one should have produced a majority report signed by no less than sixteen, is in itself remarkable, having regard to the natural differences of opinion amongst its members. The Commission was in effect asked to discharge two tasks, one educational, to examine and explain the existing economic and financial system, and the other advisory, to report on its adequacy. The first task is fully and most efficiently discharged in the majority report, which deals with the history of Irish banking, the economic background, and questions concerning currency and credit. The chapter on Ireland's economic position is one of the most valuable in the report and, although it was written before the settlement of the Anglo-Irish dispute, its conclusions are still relevant and of fundamental importance.

In brief its findings are that no notable increase in our population can be expected in the immediate future, that in the absence of such an increase the home demand for foodstuffs cannot increase substantially, and that consequently nearly one half of our agricultural production will be available for export in spite of the Government's policy of self-sufficiency. Access to profitable export markets for our agricultural products will therefore in the future, as in the past, govern the prosperity and welfare of the agricultural community, who are the main body of the Irish people. As regards industrial development, the report points out that, whilst there is little evidence of any export of products from our new industries, there has been a marked decrease in the export volume of the older industries. The tendency has thus been to make agriculture increasingly responsible for the maintenance of sufficient exports. When studying the balance of payments the Commission was concerned to find some of the income items of a temporary and precarious nature, and considers

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it therefore most important that we should not impair the accumulated external assets which make Ireland one of the few creditor countries in the world, and which not only help to maintain the volume of imports and the standard of living, but are also one of the principal safeguards of our financial independence. They therefore advise that it is of the greatest importance that the money required for setting up new industries or for social development should be provided out of current savings rather than by the withdrawal of capital invested abroad.

As regards public finance, they point out that the dead-weight liabilities of Ireland are already as high as or higher than those of the Scandinavian countries, and that it is not so much the actual indebtedness already incurred that gives concern as the speed of its growth and the results likely to ensue if present trends continue. They point out also that our national and local government debt is increasing at the rate of £6,000,000 a year, and that whilst our national income is no more than £150,000,000, the annual collection of taxes and rates amounts to £32,000,000. They therefore call for an end to any further increase of the national debt and for a beginning of debt redemption. On the questions concerning banking, currency and credit, the majority report makes no revolutionary recommendations, nor were any such to be expected. As regards currency, they are clear and positive that the maintenance of parity with sterling is the only possible policy for Ireland, because it ensures the advantage of exchange stability with our principal market, Great Britain, and the sterling area, and enables Ireland to participate in a monetary and credit policy which is in general conformity with its interests and which possesses the confidence of the Irish public. Any other policy would, in their opinion, dislocate Irish trade and external investments. In this recommendation they follow the Banking Commission of 1926.

As regards commercial banking, they are satisfied that the existing system is satisfactory and adequate. The only

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serious change recommended is that the Consolidated Bank-Note issue, in which all the banks participate, should be allowed gradually to lapse. For many years there has been a strong demand in certain quarters for the establishment of a central bank, in spite of the fact that so long as the currency is convertible into sterling and the Irish banks keep their reserves in London, there is little use for such an institution. The majority of the Commission recommend that the present Currency Commission, whose functions are virtually limited to the issue of currency and the holding of sterling assets against the notes issued, shall be renamed and its functions enlarged by the addition of a research department to advise the Government on financial questions. But it will not be a central bank in the ordinary sense of that term, because the report does not contemplate that it will discharge any of the usual functions of such an institution. During the recent international crisis the Currency Commission very wisely sold sterling securities and purchased some £2,000,000 of gold in order that they might be able to discharge their statutory obligation to convert their notes into sterling on demand. This they were entitled to do under the Currency Act, which provides that cover for the country's legal tender issue may consist of gold or sterling securities.

Taken as a whole, the majority report contains much matter for political and economic controversy, as it is in effect a formidable indictment of the policies pursued by Mr. De Valera's Government since 1932. As Ireland cannot consume more than a fraction of her agricultural produce or produce more than a fraction of her industrial requirements, the report maintains that policy can only affect the margin between export and home consumption in agriculture and between import and home production in industry. Although the economic war is happily over, these fundamental conditions remain. In a speech on September 2, Mr. Hirsine Childers, T.D., one of the new members of the Government party, said that they

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must resist the temptation to offer a defiant attitude to the findings of the Commission, because that was quite unnecessary. The recent favourable settlement with England made it possible to effect a compromise by not taking at 100 per cent. value some of the more conservative strictures of the report. In the long run he said it was a question of striking the right balance.

The principal criticism of the report has been that its economic teaching is timid and ultra-conservative, takes no account of the more advanced modern economic thought and teaching, and is more concerned with the economic than the social welfare of the community. Adoption of its recommendations would, for example, oblige the Government to terminate or drastically reduce its housing schemes. Its alleged defects in this respect are fully rectified by the three minority reports, which postulate that we can have without delay a high degree of economic as well as social welfare. Professor Busteed, who contributes the second minority report, is, however, careful to point out that if we want certain non-economic social values, we must be prepared to pay for them.

IV. ECONOMIC DEVELOPMENTS

THE good effects of the London Agreement* have already begun to be felt. Exports of all classes of agricultural products have increased, while prices have also shown an upward tendency. The visible adverse balance has shown a steady decline since March, and in August was half what it was for that month last year. Moreover, as a result of the Agreement, export bounties and subsidies have decreased by £1,400,000. The Prices Commission is now beginning the examination of existing tariffs, as provided by the Agreement, but it is not likely that these will be greatly reduced. The agricultural statistics show that the acreage under corn crops and hay is decreasing, but that pigs, sheep, cattle, and poultry have all increased in numbers.

* See THE ROUND TABLE, No. 111, June 1938, pp. 527 *et seq.*

ECONOMIC DEVELOPMENTS

In spite of these improvements, there is no reason for excessive optimism, for the farming community will take years to recover its former prosperity and, unless the Government has enough courage to cut its coat according to its cloth in matters of public expenditure, no permanent improvement is possible. Our principal economic difficulties arise from unduly high costs which are due to high wages, inefficient labour, protection and excessive taxation both local and national. The farmer, our principal producer, is faced with rising costs and a statutory scale of minimum wages which the poorer farmers cannot pay. The transport situation is so serious that the railways have had to dismiss many employees and (with the consent of the men themselves) to make substantial reductions in the working hours of the remainder. The Great Southern Railways Company was given a technical monopoly of road transport in 1933, but this has proved illusory owing to the large increase in the number of private lorries, many of which are believed to be illegally acting as public carriers. It is clear that more drastic steps are necessary, and the Government is understood to be considering the matter with a view to legislative action. If something is not done soon, the Irish railways cannot survive. One of the bright spots on the economic horizon is the Electricity Supply Board, which controls the Shannon water-power scheme and the national electricity supply. During 1937 the number of units sold increased by 25 millions and the number of consumers by 14,747, whilst income exceeded expenditure by £410,952 and the average price per unit of current was reduced. This national enterprise is based on a sound development of our national resources, and the results achieved are in striking contrast to certain industrial developments which must rely on imports of raw materials, and to the alcohol and beet-sugar factories which depend on subsidies for their existence.

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I. SHADOWS OF COMING EVENTS

PROVIDED world peace is maintained—and even otherwise—Indian affairs promise to return more prominently to the stage within the next eighteen months. Such provincial disturbance as occurs in the political sense is being accepted more and more as the natural democratic course, and the attention of political leadership is tending to concentrate on national issues. In a period when an unusual number of high officials have been on leave—in addition to an acting Viceroy, no less than six provinces have been under acting Governors—there has been more than the normal share of important events. While there has been little material disturbance of government, a marshalling of political forces is taking place in the expectation of important developments.

The belief, indeed the knowledge, that arrangements for implementing the federal part of the Government of India Act are approaching their final stage, the failure to achieve even a minimum understanding between the Indian National Congress and the Muslim League, and the threat of war itself have had reactions with important implications for the future. A negative but reassuring feature has been the serene concentration of Provinces on their domestic business. Intermittent threats of Cabinet resignations on ostensible constitutional issues have been conspicuously absent, and even at the moment when the Commonwealth appeared to be committed to war, Congress Ministries seemed as little disturbed as the rest. That is not to say that Congress Cabinets would have failed to down tools at the behest of their leaders, but the general impression was that any question of the attitude towards war would be

THE PROBLEM OF DEFENCE

used as a bargaining counter and the subject of negotiation rather than for any abrupt attempt to embarrass the British authorities.

II. THE PROBLEM OF DEFENCE

A VARIETY of factors have combined to bring the whole subject of defence very much to the fore in political discussion. The general conviction that Provincial governments can hope to obtain material financial help for programmes of national development only by procuring a reduction in Central expenditure naturally concentrates attention on the biggest item of the Central budget, namely, outlay on military maintenance. Political opinion was therefore seriously agitated when Mr. Hore-Belisha's British army reforms imposed further burdens on India. Little less concern was expressed by the Government of India. The country's defences have been left far behind the rapid modernisation of Western armaments and are, indeed, to-day in many respects markedly inferior to those possessed by states in even closer proximity. A complete revolution in equipment, organisation and training is regarded as urgently necessary. The Esher Committee of 1921 declared that the object of Indian army organisation was the maintenance of a force adequate to the defence of India and capable at need of co-operating with the British army in the field. Even if the army to-day is (for minor purposes) fitted for the first of these functions, it is certainly unsuited to the second. To modernise and reorganise the army in India will require considerable capital expenditure on equipment and maintenance services. The contention is advanced, however, that with an up-to-date force, the domestic needs of India might not demand an army of the numerical proportions at present maintained.

In the light of these facts, the Government of India made representations to His Majesty's Government, and conversations took place during the summer between the Secretary of

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State with expert advisers and other members of the British Cabinet. While discussions were in progress, the new conditions of service for British officers were announced and involved a further imposition on the Indian budget for those on the Indian Establishment. Negotiation, however, resulted in an interim offer by His Majesty's Government. The British Cabinet proposed to obtain Parliamentary sanction for a capital sum up to £5 millions to re-equip certain British and Indian units in India; to assume responsibility for the replacement of a number of the obsolescent aircraft now employed by the Royal Air Force in this country, and further to add half a million sterling to the annual recurring grant of £1½ millions already payable under the Garran Award of 1933. It was further agreed to relieve India by the immediate transfer of four British battalions to the Imperial establishment. These announcements were made to the Central Assembly by Sir James Grigg, the Finance Member, on September 13; and within a month the transfer of British troops was effected. It was, however, clearly indicated that agreement had not been reached on all points—the relief offered is not necessarily sufficient—and the statement went on to announce that an invitation had been issued by the Government of India for the visit of an expert body of enquiry, with which the Defence Department of the Government of India would be associated.

A strong body representative of the Services and the Treasury has accordingly been appointed under the chairmanship of Admiral of the fleet, Lord Chatfield. The terms of reference are sufficiently important to quote and are as follows :

Having regard to the increased cost of modern armaments, to the desirability of organising, equipping and maintaining the forces in India in accordance with modern requirements and to the limited resources available in India for defence expenditure, to examine and report, in the light of experience gained in executing the British rearmament programme, how these resources can be used to the best advantage, and to make recommendations.

TRADE RECESSION AND THE RUPEE

III. TRADE RECESSION AND THE RUPEE

“THE limited resources available to India” is a reference to the present budget allotment for defence which is approximately £27 millions. Recently there have been enhanced demands consequent on the persistence of trouble in Waziristan, the British army reforms already mentioned and, of course, the international crisis. Unfortunately these developments have coincided with economic recession. After a financial year of such prosperity as to give material encouragement to the beginnings of provincial autonomy, 1938-39 has so far been a severe disappointment. Overseas trade has sunk in volume and value, with serious effects on the sources of Central revenue. The Finance Member read the signs last March and the Central budget was deliberately modest in its estimates; but even these careful expectations are unlikely to be realised unless returns unexpectedly record a rise in the second half of the financial year sufficient to offset the poverty of the first six months. Customs and excise returns, particularly on a dutiable export like jute, have declined on almost all commodities. As a result, economy is being strictly enforced by the Central Government. New schemes and appointments have been perforce postponed and material cuts ordered in departmental expenses. How far these measures will meet the situation is, of course, largely dependent upon events, but Sir James Grigg, who has nursed the Central purse with steady care for four and a half years and has managed to provide the wherewithal to meet the cost of the first stage of constitutional reform, is faced with a depressing prospect for his last accounting. He will probably be compelled to make adjustments in the hope that restitution may be possible in the future.

Advantage was taken of the decline in trade to promote a national drive against the exchange ratio of the rupee. A campaign was started in the nationalist press and the Congress President and Working Committee were induced

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to give their active support to the plea for a rupee at 1s. 4d. In an effort to increase pressure on the Central Government, Provincial Ministeries were asked to make direct representations to the Finance Member. An attempt was made to push a resolution in the Central Assembly demanding a non-official enquiry on the whole issue. The Central authorities, however, were adamant. A terse *communiqué* indicated that the Government were convinced that any disturbance of the ratio was not in the real interests of the country, and discussion of the subject in the legislature was consequently disallowed as liable to cause an unnecessary disturbance of the markets.

IV. THE APPROACH OF FEDERATION

ALTHOUGH successful in securing a comfortable majority and in rejecting all inconvenient amendments on other points, the Working Committee of Congress has not entirely disarmed suspicion and uncertainty of its policy among the rank and file. On the question of federation nothing more was permitted than reiteration of the rejection of the Government of India Act and the demand for a constitution evolved by a constituent assembly. There is generally believed to be division of opinion amongst the leaders on this subject. The President, Mr. S. C. Bose, had previously repeated in stronger language his determination to lead a break in the party ranks rather than accept any compromise. Mr. Gandhi, however, has found it necessary to declare through the columns of the *Harijan* that no difference exists between himself and such an uncompromising opponent of the Federal Constitution as Pandit Jawaharlal Nehru.

These declarations have been evoked by Lord Linlithgow's parting remark before going on leave to the effect that the prolonged period of preparation for the implementing of federation was drawing rapidly to a close. This was confirmed during recent weeks when confidential

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discussions were held with the Chief Ministers of leading States to decide the procedure in submitting Instruments of Accession in a final form to the Princes. Two stages have to be completed—acceptance of the general terms of accession applicable to all and settlement of reservations peculiar to certain States. A vast amount of ground work has been completed in collating representations and drafting the results in suitable form. Simultaneously, the Central machinery is being readjusted so as to remove functions that under the Act are peculiar to the Governor-General as the representative of the Crown from those Departments which will become the responsibility of a Federal Ministry. The formation of a Governor-General's (public) Secretariat has been announced, and a section of the Home Department, which has been performing a dual function since the introduction of provincial autonomy, is being transferred for that purpose.

Meanwhile no serious difficulty is anticipated in procuring agreement on the terms of accession with the minimum number of States requisite to the inauguration of federation. Points of dispute still remain, but they are not believed to be incapable of settlement. Much greater concern exists over the popular agitations lately promoted in Mysore, Travancore and certain small States of Bombay and Orissa. Ostensibly representing "spontaneous and independent" movements for responsible government, these outbursts have taken violent forms, notably in Travancore. The action taken by State authorities to maintain order has been described in British India as "repressive" and "brutal". Officially Congress, which insists that federation is unacceptable unless the States have elective representation, has no connection with States' Congress activities. Congress is only anxious "to convert the Princes to the view that their true interests lie in voluntary surrender of power to the people". This is interpreted in the States as a hint that if Rulers agreed to the elective principle for federal purposes, Congress would help them to suppress disorder. At the

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moment prominent Congress leaders, like Mr. Vallabhai Patel, are active in "advising" the populace of the States in an "unofficial" capacity. Mr. Gandhi himself has interpreted the Congress dissociation from State affairs not as lack of sympathy for the people's aspirations, but as putting them on their mettle. Mr. Gandhi came into sharp public argument with the Dewan of Travancore when he advised the "Congress" of that State to pursue "non-violent direct action". This, it was suggested, constituted evasion of responsibility for the violent results. Many of the leading States have taken steps to examine the possibilities of gradual constitutional reform for their subjects, but there has been a tendency to slow up in consequence of events in States such as Mysore and Travancore, where representative institutions have already made some headway.

V. PROVINCIAL POLITICS AND SOCIAL REFORM

THE Provinces, busily implementing programmes of tenancy and agricultural relief, have had their domestic troubles. In the Central Provinces the ill feeling between the Mahakoshal and Mahratta groups in the governing party came to a head and created a constitutional crisis, involving the Congress party in a deal of heart-searching. The Premier, Dr. Khare, even after an effort by the Congress President to heal the breach, found it impossible to work with three of his colleagues. To rid himself of them he tendered his resignation to the Governor, Sir Francis Wylie, who, being unable to secure their resignations, dismissed the three Ministers and invited Dr. Khare, as leader of the largest party in the Legislature, to form a new Cabinet. Meanwhile the Congress Parliamentary Sub-Committee, after hasty consultations with Mr. Gandhi at Wardha, declared that Dr. Khare had flouted Congress authority and called on him to resign the leadership of the Congress Provincial party. Mr. Gandhi further accused the Governor of "ugly haste" in dismissing the three Ministers

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and of conspiring to discredit the Congress. A meeting of the Provincial party with the Congress President in the chair elected Mr. Shukla, one of the three recalcitrant Ministers, in place of Dr. Khare, and the Governor summoned the new leader to form the Ministry.

The affair, however, did not stop there. Without holding any particular brief for Dr. Khare, public opinion as expressed in the Indian newspapers was far from happy about the manner of the Parliamentary Sub-Committee's interference with the Provincial party. Seldom has the Congress "High Command" had such a critical national press, and several influential papers denounced the attempt to blame the Governor. Dr. Khare himself proceeded to garner sympathy, particularly in Maharashtra, which has always been strongly independent, but the ex-Premier was felt to have somewhat overdone his "martyrdom" before the issue came before the All-India Committee. None the less the Working Committee had a hard time to gain sanction for further disciplinary action against Dr. Khare. So respected a Nationalist as Mr. M. S. Aney spoke vehemently against the attitude adopted, and although the leaders carried the day, parliamentary control from All-India Congress authority is likely to move more circumspectly in future.

It has been confronted with some delicate problems. In Sind, Congress is faced with supporting a minority government already pledged to an unpopular programme of land reassessment or risking the formation of a Muslim League government. In Assam, what seems to have been a temporary desertion upset the reigning Muslim Ministry and the local Congress leader formed a Cabinet only to find himself uncertain of a coalition majority. Meanwhile, the Congress party in the Punjab was having an anxious time. Sir Sikander Hyat Khan's Unionist Ministry carried through four Bills as drastic in the relief they offer the agriculturist as any parallel legislation in a Congress Province. The "Black Bills", as they have been called by the Opposition, are mainly designed to wipe out the zemindars' heavy

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burden of debt and to prevent the agriculturist from being in future under the financial thumb of the middleman. Mainly dependent on the Hindu urban vote for its elective support, the Congress group found itself seriously confused and is still having difficulties hardly assisted by extremist activities under the same banner. A zemindar in the Punjab is not so much a landlord as he is in other Provinces ; he is rather a peasant proprietor. Thus, while it is easy for the Congress press in India generally to denounce the Punjab Unionist Ministry as reactionary on the score of being pro-zemindar, the charge has little meaning in the Province concerned.

In other Provinces most of the Congress governments have made efforts to reach agreement with the landlords on land reforms. Legislative measures take two forms, namely, relief to the tenant from dues to landlords and greater governmental demands on the landlords. Most of this legislation, when complete, requires careful examination by Governors and in some cases by the Governor-General, lest it be either repugnant to Central laws or expropriatory in the sense provided against under the Government of India Act. Hitherto, however, no serious trouble has been experienced in procuring adjustments of sometimes hastily drafted Bills to meet such objections. In the United Provinces, where zemindars have long held considerable privileges, agreement has so far been sought in vain. The zemindari organisations led a deputation to the Congress Working Committee without result, and the new legislation has emerged from select committee replete with vigorously worded minority reports. By drastically cutting down the rights of the bigger landlords while preserving a minimum to the smaller zemindar, it is sought to obtain the support of the latter who has several influential representatives in the provincial Congress party. There is now talk of referring the whole dispute to the " arbitration of Congress headquarters ".

In Bengal a sustained attack was made at the beginning of

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August against the Ministry on the initiative of the Congress Opposition. Reinforced by a dissident Minister, the Opposition were hopeful of upsetting Mr. Fazlul Huq's Cabinet. There was intense excitement in Calcutta, and mass demonstrations in the streets resulted in a large number of the Government's critics spending the night in the Legislative Chamber waiting for the no-confidence resolutions to be moved. With the assistance of the European *bloc* the Ministry won. By present party divisions the Europeans hold a key position in Bengal and may do so also in Assam, and their opposition to Congress efforts to gain control has evoked protests linked to warnings from Congress leaders. The Bengal issue drew an important statement from Sir George Campbell, the European leader. He declared the Europeans to be by no means satisfied with many aspects of the existing Government, but that as between it and the Congress alternative they felt that the interests of the Province would be better served by maintaining the coalition in power. Congress suffer to no small degree by the wildness of speech displayed by supporters where the party is not in power. That is stated to be the reason for European reluctance to extend support to the new Congress coalition in Assam which has not yet faced its legislature.

The Bombay Government is strenuously pursuing social legislation. Practically the whole of the latest Poona session was occupied by the Trade Disputes Bill, a measure designed to regulate trades unions and to prohibit lightning strikes. Strenuous opposition to the Bill, which proposes imprisonment for those who disobey its provisions, was offered by the section of the Opposition which represents labour interests, and owing to their procrastinating tactics the Bill may drag on until well into November; but the Government is determined to pass it. In its efforts it has had the support of the Progressive group in the Assembly, which includes the Europeans. A major crisis, which might have involved the whole of India, was threatened over the

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Forfeited Lands Restoration Bill. This measure is intended to authorise Government to acquire compulsorily from the new owners lands forfeited to Government and sold during the civil disobedience campaign of 1930-31 for non-payment of taxes. The Bill provides for compensation to the dispossessed owners, but not on a generous scale. It was anticipated at one time that the Governor might have to use his special responsibility in connection with the measure, but certain modifications were made in the formative stages and the Governor gave his assent to its introduction. It was vigorously assailed in the Assembly, both in respect of its principle and provisions, but comfortable majorities were secured on all readings and the measure passed the Upper Chamber and now awaits the Governor's sanction. The Government claimed that in passing the Bill they were fulfilling an election pledge and it was generally understood that the Congress would have made the issue an all-India one if the Governor's assent had not been forthcoming.

VI. THE CONGRESS "HIGH-COMMAND"

WHEN they met in Delhi towards the end of September, the Congress leaders had many pressing problems to consider. The left wing of the party was bent on another trial of strength on several issues, and the right wing (which dominates the Working Committee) was equally determined to assert itself. There had been some downright criticism of the leaders' actions. The use of the old "repressive laws" to suppress anti-Hindi agitation in Madras and industrial strife in Bombay; the course of negotiation between the Working Committee and the Muslim League; the feeling that compromise on federation was not out of the thoughts of Mr. Gandhi and others; and the humiliating treatment meted out by the Parliamentary Sub-Committee in their removal of Dr. Khare from leadership in the Central Provinces, were all questions on which the "High Command" had been put on the defensive.

THE CONGRESS "HIGH-COMMAND"

The challenge was met at all points, and appropriate resolutions of confidence were carried by majorities which showed that the leadership continued to enjoy the confidence of 75 per cent of the All-India Congress Committee.

At Mr. Gandhi's instance a move was initiated to purge Congress ranks of undesirable elements not pledged to "non-violence and truth" and to examine the formation of a non-violent national militia. This was interpreted in some quarters as designed to prevent the infiltration into Congress ranks of extremist elements planning to exploit the prestige and, if possible, to capture the local and later the national machinery of the party. A resolution presented to the All-India Committee deplored the abuse of civil liberties as exemplified in speeches and certain sections of the press and declared that Congress Governments would not tolerate such attempts to provoke violence and hatred. Some remarkable speeches were made, an outstanding contribution coming from the Premier of the much-troubled United Provinces. The Hon. Mr. Vallabh Pant roundly declared that the maintenance of law and order and the security of life and property were synonymous with the preservation of civil liberty. All socialist efforts to amend this resolution were heavily defeated and in the end some thirty members headed by Mr. M. N. Roy walked out.

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I. THE ORDEAL

WHILE the nations of the world outside Europe watched with absorbed and sympathetic interest—but at a distance—the unfolding of the grim drama of Czechoslovakia, the people of this island witnessed and endured the spectacle from the front-line trenches. It is the object of this article to convey some impression of the mind of Great Britain during the progress of the ordeal and to attempt an appraisal of the effect of that searing experience, now that the nation is taking stock of a new situation and pondering the future.

Ever since the Austrian *Anschluss* there had been a foreboding of more to come, which deepened as the now-familiar Nazi tactic was displayed against the Czechs—a press and broadcasting campaign of incredible virulence, a succession of “incidents” depicted as illustrating the “intolerable” character of Czech rule, and the massing of German troops. The dispatch of the Runciman mission of mediation was received on all sides in this country with approval and admiration. An easing of the tension was at once apparent. It seemed that at long last the democratic Powers had gained the initiative and that peace would be preserved, not by means of an act of surrender, but by an act of justice. In this regard it is important to recall that at this stage the generality of Englishmen were considering the problem as one of self-determination within the borders of the Czechoslovak State. Herr Henlein had declared that annexation to Germany was no part of the Sudeten German programme, and as yet no word to the contrary had come from Berlin. That the real issue at stake was not only the

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elimination of Czechoslovakia as an independent democracy in alliance with France, but the substitution of German for French influence throughout central and south-eastern Europe, was appreciated by few. Accordingly, public opinion was optimistic. While disliking intensely the vulgar vilification employed by the German press, and admiring *per contra* the dignity and restraint of the Czech authorities under extreme provocation, most Englishmen acknowledged that the claim of the Sudeten Deutsch to be free to live their lives in their own way could not reasonably be resisted. As the efforts of Lord Runciman brought Czech concessions more and more closely into line with Sudeten demands, hopes ran high. It seemed that the most urgent of the few remaining grievances against the Versailles Treaty was about to be removed by the peaceful transformation of Czechoslovakia from being a spear-head (with a French haft) aimed at Germany into a neutralised state on the Swiss model. That done, the corner would be turned, the long strain of violent re-adjustment ended; and Europe could look forward to the opening of a new era of peaceful collaboration.

Then the break came. The too-promising negotiations were broken off on the excuse of fresh "incidents": Sudeten "Free Corps" began to raid the Czech frontier, and formidable German forces were moved up. Clearly a German invasion had become imminent.

British (and, of course, French) opinion was now called upon to adjust itself—to abandon the original conception of a Czechoslovakia, reformed but intact, for the more drastic solution of partition. Reluctantly and with hesitation the great majority came to the conclusion that they were prepared to acquiesce, rather than engage in a war that could not in any case save Czechoslovakia from devastation, provided that the cession was carried out on a genuinely ethnographical basis and under international control. The analogy of the Saar was recalled. The effect of the news that the Prime Minister had requested an

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interview with Herr Hitler and would fly to Berchtesgaden on the following morning was electric. Here, it was felt, was leadership, swift and resolute, such as men had begun to despair of finding in a democratic system and for which they had been hungry. Support remained enthusiastic, though hopes were dashed a little by the unexpectedly quick dismissal of Mr. Chamberlain at Berchtesgaden after a conversation with the Führer of only two hours.

The *riposte* to the Anglo-French proposals (accepted by the Czechs) was the Godesberg "ultimatum" with its time-limit. Had events not moved so swiftly and the Prime Minister not kept pace with them, the nation would have been obliged to choose between fighting there and then or abandoning its second position for a third, which involved acquiescence in an immediate German invasion and the partition of Czechoslovakia at the point of the sword. But as Mr. Chamberlain drew to the end of his speech in Parliament (on September 28), in which he announced that the conversations at Godesberg had resulted in deadlock, news came to the House that Herr Hitler and Signor Mussolini had responded to his final appeals, that the principle of a negotiated settlement had been accepted.*

There can be no doubt whatever that if Herr Hitler had stood fast by his Godesberg programme, Great Britain and France would have gone to war. Public opinion in both France and Great Britain had stiffened and the attitude of the two Governments had hardened in consequence. The man in the street had decided that he was not prepared to precipitate himself and his family into the horrors of modern warfare in an attempt to preserve the territorial integrity of an artificial agglomeration of races which Germany, with much reason, regarded as a standing menace to her security. The medicine was extremely distasteful, but it was accepted as the inevitable penalty for past errors. On the other hand, when the Prime Minister returned from Godesberg and the nation learned of the new

* See Documents No. 22, p. 219.

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demands, of the Czech rejection and Herr Hitler's insistence on taking what he wanted by armed force, the British reaction was immediate. The issue had shifted from the almost impossible proposition of fighting to save Czechoslovakia to the direct question of resisting or submitting to the mailed fist : and there was no doubt in men's minds of what the answer must be. For the first time since the crisis began Herr von Ribbentrop's estimate of the British reaction—upon which the Führer evidently relied—was proved to be wrong.

Among the people something akin to a sense of relief was discernible. At last the issue had been clarified. The period of heart-searching—the endless discussions round the fireside, in clubs and public houses and at the street corner—the long strain that had reached an almost intolerable intensity—were over. Gone too, it seemed, was the prospect of “letting down” a people who, with all their past mistakes, were small, essentially decent and democratic. And there was the comforting knowledge that world opinion was solidly in support. The atmosphere of cool, resolute determination to see it through was reminiscent of the fateful days before the outbreak of war in August 1914. The fleet was mobilised, the anti-aircraft defences were manned, some 40 million gas-masks were distributed to the civil population, and plans that had been worked out for a large-scale evacuation of London were set in motion.

Much—perhaps too much—has been made of the confusion that followed. The response to the call for national service of all kinds was as magnificent as the previous lethargy had been deplorable. Thousands who had previously ignored appeals to help in A.R.P. rushed to offer their services—and they were totally untrained. Local authorities were shouldered with colossal tasks and at the same time were expected to find and organise the requisite personnel. Brilliant improvisation took place under high pressure, accompanied by inevitable overlapping and lack of

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co-ordination. If any proof of the crying need for a national register and the careful allocation beforehand of the services of every member of the community had been needed, this crisis provided it.

The nation set about the task of preparing for war with quiet resolution: as in 1914, initial dislocations would have been rapidly rectified. But it was perhaps as well that not until after the crisis was it generally known how serious had been our lack of preparedness in military defence—how anti-aircraft batteries were served out with equipment that they had never seen before, the almost unbelievable deficiency in the number of guns and search-lights. After three years of rearmament and the allocation of £972 millions the situation of our defence system at the time of trial constitutes a heavy indictment of administrative incapacity. It was also an indictment of the nation itself. The general reluctance of industry to submit to regimentation, and the poor response to Government appeals for A.R.P. and other forms of national service—due largely to the easy-going belief that collective security could obviate the necessity for sacrifice—would have thwarted the most efficient administration. Apparently, the democratic machine can only function at high speed under the impetus of an obvious emergency. That impetus has now been provided by the results of the crisis.

When Mr. Chamberlain went to Munich it was naturally assumed that he would either come home to declare war, or, more probably—since Herr Hitler's consent to a conference presumably meant a retreat from the Godesberg position—would return with a freely negotiated settlement on the basis of the Anglo-French proposals. The Prime Minister in his final appeal to the Führer had said that he was sure that by consultation agreement could be reached "in a week". When the B.B.C. announcer at midnight on September 29 reported that the conference was still sitting and that an announcement was expected shortly, it was obvious to listeners that a rapid decision was

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being forced. Those of us who lived through that experience, sitting by our wireless sets in the small hours of the morning, waiting while the fate of Europe—and probably of western civilisation—hung in the balance, are never likely to forget it. Half-past twelve, one o'clock, half-past one—and so on every half-hour came word that the four statesmen were still talking: and then, at half-past two the terms of agreement were read out. “At the last last minute”, to use the Prime Minister’s phrase, force had apparently given way before reason. War was averted and we stumbled wearily to bed, but with a load lifted from our hearts.

The surge of passionate gratitude to Mr. Chamberlain that swept through the country, and indeed through all Europe, spreading the widening circle of its ripples to the ends of the earth, is a well-known story. The tumultuous welcome of dense cheering crowds all along the route from Heston aerodrome to Buckingham Palace and the scene in Downing Street where the Prime Minister (as deeply moved as they) looked down upon the throng and declared that like Disraeli he had brought back “peace with honour”, have been condemned in the ensuing revulsion of feeling as ridiculous hysteria. It is a superficial judgement. As the crowd streamed out of Downing Street into Whitehall, it was noticed that a new wreath had been placed at the foot of the Cenotaph. It bore this inscription—“And so they did not die in vain”.

The deep emotion that stirred the people and gave Mr. Chamberlain a reception such as no other British Prime Minister had ever received was not evoked primarily by relief that our skins had been saved, but by a conviction that the almost unbelievable thing had happened, that the vision of the rule of law in international affairs—born out of the sufferings of the great war and shaped in a League of Nations—had emerged, after being almost blotted out in eighteen years of triumphant violence, like a shining light in the darkest hour of all. The chill of reaction set in

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when it gradually became clear that the commission of ambassadors in Berlin were conceding to Germany even more than had been demanded at Godesberg. The profound shock of that realisation inevitably gave rise to angry talk of "cowardly betrayal", and the vast majority who refrained from comment were no less sensible of a national humiliation.

II. STOCK-TAKING

THE shock of disillusionment has produced something more than a disposition to blame Mr. Chamberlain for a weak surrender. The potential value of the Anglo-German declaration, signed on the morrow of the Munich Agreement, is not under-rated; but the fact that the ambassadors in Berlin were helpless to resist the suave but implacable demands of the German representative, backed as they were by the unanswerable argument of a German army in control, has led to an appreciation of the realities of the situation. It was realised that Czechoslovakia as a political factor had been eliminated and German supremacy throughout central Europe had been established because France and Britain had lacked the military preparedness that was necessary for the negotiations at Munich, and afterwards at Berlin, to be conducted on level terms. That lesson was driven home with increasing force as the weakness of our own territorial defence arrangements was revealed in the press.

The crisis has thus brought the nation hard up against the reality that we must now live in a Europe in which Germany occupies a commanding position. It is accordingly determined to subject every aspect of its external relations and all that bears upon that question in internal organisation to a searching scrutiny. Viewed in that light, the crisis may prove to be a turning-point in the history of this country and of Europe very different from what was envisaged during the period of exaggerated

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despondency immediately after the Munich-Berlin settlement. In conducting this "grand inquest", the nation is clearly in desperate need of resolute and (if need be) of drastic leadership. It is not disposed to throw over Mr. Chamberlain because he failed to achieve the impossible for Czechoslovakia: the result of the Oxford by-election is evidence of that. Mr. Quintin Hogg (son of Lord Hails-ham) standing as a Conservative, polled 15,797 as against 16,306 polled by the Government candidate in 1935, while Mr. A. D. Lindsay, who recently terminated a distinguished term of office as Vice-Chancellor of the University, and who, as an Independent Progressive (supported by Labour), denounced the Prime Minister for truckling to dictators and failing to prevent aggression by means of "collective security", received 12,363 votes, as against 9,661 polled by the Labour candidate in the previous election. The slogan—"A vote for Hogg is a vote for Hitler"—failed to convince.

Meanwhile Mr. Chamberlain is going straight ahead with his policy of European appeasement, profoundly convinced that the remaining questions at issue between the totalitarian and the democratic Powers can be settled by means of peaceful negotiation and co-operation. The Anglo-Italian pact is to be put into operation in consequence of the withdrawal of 10,000 Italian troops from Spain: after preliminary conversations in Paris discussions are apparently to take place on general disarmament—and possibly on colonies. It is a definite lead and a clear-cut policy. Against it one section of opinion is violently in revolt: the remainder—at present it would appear to be the majority—is watching doubtfully, attracted by the prospect of a new era of peace, but not convinced that sweet reasonableness will of itself suffice when speaking with the enemy at the gate.

On this fundamental issue between "standing up to" or conciliating dictators party alignments—it may be noted—have lost their meaning. The Eden's and the Duff Cooper's of the Conservative benches are of a like

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mind with many of the Opposition members, while Mr. Maxton is as determined as Mr. Chamberlain himself that British working men shall not be set to slaughter their fellow workers in Germany. When opposing convictions cease to correspond to party divisions, parliamentary debate becomes unreal and relatively insincere.

The nation as a whole is acutely aware that Anglo-French predominance, resulting from victory in the great war, is now a matter of history, that the conception of an international society has foundered because the principle of the rule of law was prostituted to perpetuate an impossible inequality, and that the reversion to the rule of force has come within measurable distance of universal acceptance in Europe. The terms of the Versailles Treaty might have been upheld for some time longer by the consistent use of military power—notably when Germany re-militarised the Rhineland zone—but it was illogical to expect a defeated and humiliated foe to accept inferiority as the immutable concomitant of a nobler world, and it was immoral to try to build the City of God on lop-sided foundations.

The British people are aware of all this—the miserable progression from Manchuria by way of Abyssinia to Czechoslovakia has provided convincing instruction. What they fear is that the noble efforts of the Prime Minister may haply produce a worse disaster because the foundations are lop-sided in the opposite direction. Equality of status is just as fundamental for a European as for a British commonwealth of nations. How can such equality be achieved and maintained by a policy of appeasement, however bold and fair-minded, if behind the negotiator is an administration that is notoriously incompetent and a nation with its right hand tied by weakness in defence against air attack—a subject of ridicule for its rivals and of consternation for its friends? The steady flow of articles and letters in the daily press and in the weekly reviews and of speeches in Parliament—from all parties—provides abundant testimony of a widespread dissatisfaction and resentment. A durable

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settlement and genuine co-operation with Germany can only be secured on a basis of respect, and if negotiated from conscious strength and not from weakness. That is why there is a growing volume of insistent demand for a thorough reconstruction of the administrative machine and a regimentation of the national resources in man-power and industrial productivity. The humiliation over Czechoslovakia has roused the nation as it has not been roused since 1914: it is ready and eager for personal sacrifices and, if need be, for drastic measures. It is no longer waiting, it is clamouring, for leadership.

So far the governmental response has been slight. The recent changes in the Cabinet have left the situation substantially unaltered. The only step in the desired direction has been the appointment of Sir John Anderson as Lord Privy Seal, who will act as Minister for the co-ordination of civilian defence. Proposals for a Ministry of Supply (with strictly limited powers of compulsion) have been turned down, and instead of a national register, a form of voluntary registration is promised. Meanwhile a foreign policy of appeasement in weakness is being vigorously pursued.

That is not to say that Ministers are unaware of the necessity of accelerated re-armament. On November 11 Sir Kingsley Wood announced in Parliament that the Air estimates for next year would be about £200 millions as compared with £120 millions for the current year, that the first-line air strength would be increased by 30 per cent. over the programme already authorised, and the fighter aircraft now on order or to be ordered numbered between 5,000 and 6,000. That is all to the good. But the electorate is deeply aware of an even more fundamental need. It is passionately convinced that democracy can be as virile as totalitarianism, that in time of peril all classes and all parties are capable of acting together with an unmatched mobility and unity of purpose for the preservation of the way of life in which they believe. The conditions under which a democratic system can so function are now present.

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What is being demanded is not simply "a stand" against the demands of dictators but the vindication in action of the validity of democratic principles.

The situation is grave, and not less so because the average citizen on examining the personnel of the Opposition and perusing their speeches of irresponsible bellicosity and superficial talk of cowardice and betrayal turns impatiently away with a sense of misgiving that democracy is being undermined by the mishandling of foreign affairs for party purposes. The democratic system is on trial for its life, and he knows it. He has watched with admiration the fervent readiness of the German people to sacrifice individual comfort for the benefit of the community, and he has noted with envy the physical fitness and discipline of the German youth. He recognises the dynamic power thus engendered; and at the same time he is profoundly convinced that a democracy—once it is roused and inspired by quality of leadership—can reach higher levels of attainment by the richness that resilient individualism contributes. Democracy—in Britain as in France—is waiting for a lead. Whether or not it is forthcoming is more important for the future of Western civilisation than even the production of Bren guns and fighting planes.

CANADA

I. FOREIGN POLICY AFTER MUNICH

WHAT lessons has Canada learned from the crisis, and how are they likely to affect her future action? As a first lesson—that it is high time she took stock of her position in respect of preparedness for war, since it is generally accepted that whatever may be said for the peace being “peace with honour”, it is most certainly “peace with apprehension” for democratic states. In other words, it is generally felt that despite Mr. Chamberlain’s declaration that any attempt to dominate by force or the threat of force should be resisted, it was precisely the threat of force that carried the day. And this impression naturally deepens as in the event the difference between Godesberg and Munich shrinks to insignificance. The following editorial comment of the *Toronto Saturday Night* expresses fairly accurately the views of most Canadians on the nature of the “peace” which was negotiated at Munich, though there would not be by any means unanimous agreement with its conclusion as to Canada’s proper course.

We do not think anybody need be surprised at the extent and immediacy of Herr Hitler’s demands upon the British Empire. He has every reason to realise that he can for a short time cash in upon his military and strategic superiority, and that if he is going to do so, he will have to do it before the British can render their own armament adequate and before the Americans appreciate the importance of coming to the defence of democratic principles while they are still capable of being defended.

What the British are going to do during this period of inferiority is something of a problem. They cannot be perpetually playing for time, for Herr Hitler has a habit of

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putting a date limit upon his ultimatums and refusing to allow of any postponement. He is to-day in a much better position to retain the support of the German people if he goes to war than he was a few weeks ago; for the German people have had fairly convincing evidence that the democracies are afraid of them, which is exactly the kind of assurance which is calculated to make them bubble over with enthusiasm for the attack.

Speed in defensive preparation and rearmament is very evidently the one imperative requirement of the British situation. In these preparations Canada, it seems to us, should join as wholeheartedly as she can. If Herr Hitler decides to precipitate the struggle in the near future, it will again, as in 1914, require a considerable time to bring the military resources of the United States to bear on the situation; but those of Canada should be available for what are likely to be the crucial weeks at the beginning of the conflict. It is fairly evident that the United Kingdom will enjoy the full and cordial co-operation of Ireland in any such struggle, and Canada cannot afford to be much behind that sister member of the British Commonwealth.

While there would no doubt be dissent, in isolationist quarters, from such a forthright policy of participation by Canada, there is no real denial of the need to arm or of the fact that a very large number of Canadians favour such a course.

The prospect therefore is that the Government will at once proceed, with the approval of all political groups including the French-Canadians, greatly to expand its military, naval and air programme which—as the Minister of Defence, Mr. Mackenzie, has frankly declared—has ever since the great war been lamentably restricted. Support for such a policy will be fairly general, though the reasons for it will vary. The French-Canadians will think purely, or almost so, in terms of defence while Imperialists, Leaguers and anti-Fascists will think in terms of equipping the country to play its part in the struggle which may come against dictatorship aggression. In other words, there is a real union of Right and Left, based on a common detestation of all that is meant by aggression and a common desire that Canada should play her part in making the world safe from it. So long as it continues to be felt that Britain is the leader of this cause, this *union sacrée* will endure

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and gain strength, and Canada as a whole will be drawn closer to Britain and the rest of the Empire. While Canadians will less and less be able to understand and support a policy involving alliances and counter-alliances, and power politics generally, the majority of them can understand and support a policy of standing together against aggression.

In the last analysis everything will depend on the answer to the question: Was the Munich Pact a settlement that really paves the way toward general European appeasement, or was it rather a settlement in which France and Britain suffered a serious defeat, and which marks the beginning of a real shift in the balance of world power so far as Britain and France are concerned? It is obviously impossible to come to any conclusion so soon after the event, but the news since Munich has not been reassuring.

If the implications of the crisis are in the direction of a decline of British prestige, the effect on Canada's position, especially in relation to the United States, will be very far-reaching. If brute force is to have its way in Europe, and if there is no evidence of a deep spiritual opposition on the part of Britain to the totalitarian philosophy, it will strengthen enormously the feeling in the United States that North America must keep clear of the European mess, and Canadians will be forced, more slowly and reluctantly than the Americans, but almost as surely, into the same attitude. If Canada must arm, it is almost inevitable that there will be some measure of co-ordination or co-operation with the United States. It is safe to say that there has recently been a subtle and not easily defined change in the attitude of large numbers of Canadians towards co-operation with the United States. This may come to nothing more than the perpetuation of the "good-neighbour" relationship; but under the pressure of repeated crises, such as we have just had, it is hard to tell how far it might go. Even French-Canadians might be forced to reconsider their isolationist attitude, and if they

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did so, it is safe to say they would discover that they were North Americans.

On the other hand, if it becomes clear as time goes on that Britain, having failed in her bid for a general European appeasement, is not prepared to acquiesce in the substitution of force for the rule of law in international affairs, but proposes to take the lead in withstanding it for which her place in the world both political and geographical inevitably marks her out, the movement of opinion in Canada and the United States during the crisis gives good ground for believing that both North American countries, the United States more slowly and reluctantly than Canada but almost as surely, would recognise that Britain's cause was theirs and would rally to its support.

This, broadly speaking, is what happened twenty years ago, and the trend of the last twenty years, as thrown into relief by the events of the last few months, justifies the conclusion that history will repeat itself. But the condition precedent would be, as has been said, a well-grounded confidence that British foreign policy was not controlled by party or class interest, but was framed and conducted with a single eye to the national and Commonwealth interest of making the world safe from aggressors.

II. THE C.C.F. MOVEMENT

THE Co-operative Commonwealth Federation, a political party formed and carried on for the purpose of promoting certain policies, mainly socialist in character, in the legislative spheres of the Dominion and its nine Provinces, is six years old. It has only six representatives in the Dominion House of Commons, but in the four most westerly provincial Legislatures it has a representation of twenty-six, which is exceeded only by the Liberal and Social Credit parties; and in the not improbable event of the Social Credit party losing ground, it is quite likely to inherit a number of the constituencies now supporting

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that doctrine. On the other hand, it has almost completely failed to make any impression in the two great central Provinces of Ontario and Quebec, where it has to face in the one case a long-standing tradition against partisan political action on the part of organised labour, and in the other an unqualified hostility on the part of the Roman Catholic hierarchy. In the Maritime Provinces, where the onset of depression came somewhat later (as in the west it was a good deal earlier) than in the centre of Canada, there are predictions that the new party will begin to make important gains; but against this is the fact that the non-socialist "co-operative" movement has been making great strides in the most depressed areas under the leadership of the Roman Catholic institution of St. Francis Xavier College, and that it will be difficult for a socialist party to recover the ground thus occupied, even in Protestant communities.

It will not be denied by anybody familiar with Canadian public life that the intellectual power of the C.C.F. representation in the legislative bodies is immeasurably greater than its numerical strength. Professor Frank Scott, though an ardent party member, probably did not much exaggerate when he said in a recent article that in the Dominion House "the six C.C.F. men are a far more vocal, intelligent and effective opposition than the thirty-nine Conservatives"; and Mr. Woodsworth, the Dominion leader of the party, a man of sixty-four with an exceptional wealth of parliamentary experience, is equalled by few except the leading Cabinet Ministers in the influence which he wields and the respect which he enjoys. The position and prospects of such a party cannot fail to be a matter of the greatest interest at a time when there are imminent signs of a breakdown of the old Liberal *versus* Conservative alignments, and the nature of the new arrangement of contending forces is still obscure.

Nevertheless, there are rather strong reasons for doubting whether, in the process of development of the new "party

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of the Left ” which should as a natural consequence follow the disappearance of the Liberal and Conservative cleavage, the C.C.F. will play as prominent a part as its intelligence alone ought to win for it. For this there are two main reasons. In the first place, the party is too much imbued with socialism. In the second place, it is, in its internal structure, too democratic.

The very name, Co-operative Commonwealth Federation, is itself an admission that the idea of socialism is not yet in Canada a good advertisement. True, this name was adopted six years ago; but there is little evidence that socialism is a better war-cry to-day than it was then. If anything, the numerous changes of objective on the part of the Union of Socialist Soviet Republics, and the lack of evidence that its efforts have greatly ameliorated the working conditions or liberties of the Russian workers, have slightly damped the enthusiasm of many Canadian socialists, and increased the suspicions of many who dislike the present economic structure but hesitate to overthrow it in favour of a new and untried one. The depressed classes still want to get rid of the power of the possessing classes; but they still recoil from the idea of doing so by setting up “a planned system of social economy for the production, distribution and exchange of all goods and services”, along with “socialisation of the banking, credit and financial system of the country”, and in British Columbia and other Provinces where there are large numbers of unassimilable aliens they still distrust “equal economic and social opportunity without regard to sex, nationality or religion”. All these are planks of the 1932 platform. It is true that the C.C.F. carefully excludes agriculture from the operation of its socialist principles, by regarding the farm as the “home” of the farmer and offering “security of tenure for the worker and the farmer in his home”, together with insurance against crop failure. But the predominant elements in the party are not agricultural or rural, they are urban and industrial or professional, and the old

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Granger organisations, which looked forward to the domination of the world by a vast, possibly world-wide, association of wheat-growers which could dictate terms to banks, transportation agencies, millers, grain exchanges and everybody else, have little wish to share that power with a bunch of trade unions. They fell in love, for a time, with Social Credit because it promised to relieve them of the worst of their present enemies, the creditors, and provided them with a figure to hate in the person of the international banker—just as Herr Hitler provides the Germans with a figure to hate in the person of the Jew. But the Socialists, as distinguished (and they insist upon being distinguished) from the Communists, hate nobody and nothing but the System, and offer no relief from the creditors until they have demolished the System and replaced it by something else, which obviously, and admittedly, will take some time.

Socialism, furthermore, is anathema to the Roman Catholic element which constitutes 41·3 per cent. of the population, and consists almost entirely of devout and practising members, fully amenable to clerical leadership. The C.C.F. is almost under a ban in the Province of Quebec, where a law (of questionable constitutionality) permits the Attorney-General to padlock any premises which he believes to be used for the propagation of an undefined doctrine called "communism". The avoidance of the term "socialism" in the platform has completely failed to disarm the hostility of this part of the electorate, which, however, has shown no dislike for Social Credit, and would presumably be tolerant towards various other possible Left movements, provided that they can show a clean bill of health as regards all Marxian taint. It may be added that any Left movement that could succeed in detaching a substantial number of Canadian Roman Catholics from their obedience to the Church would have to be much more violent in its tone than the C.C.F., and even then would only succeed in gathering in an insignificant fraction

among those already disposed to resent ecclesiastical discipline.

The Co-operative Commonwealth Federation is too democratic. In the successful political parties an enormous amount of power is vested in the leader, who is checked only by the necessity of conciliating some non-party voters and preventing the revolt of too many of his followers if he is to win or retain power. In the C.C.F. the power of the leader is extremely limited, and Mr. Woodsworth is not the sort of man to seize more than is given to him. Incredible though it may seem, this six-year-old party has had no less than six party conventions. It was formed at Calgary in 1932. It drew up its Manifesto at Regina in 1933. It has met on four occasions since, the last and most important being at Edmonton in the summer of 1938. Its major meetings, it will be noted, were all in the prairies. Unlike the Ontario Conservatives, who were told a short time ago that "your leader is your policy", the C.C.F. makes its policy its leader, and draws it up in the greatest detail every time it gets together. That the purpose of the intellectual group which dominates these gatherings is a noble one, nobody will dispute, but the result is to expose the party to a great deal of hostile fire which might be avoided by greater discretion. After all, a party which exists to promote socialism might be pardoned for a good deal of vagueness in regard to other questions, especially such as will cease to be questions when socialism is established.

The three most notable subjects on which the party expressed itself at Edmonton were the tariff, international relations, and the liberty of the citizen. Of these the whole approach to the tariff would obviously be different under a socialist régime from what it is under a non-socialist régime; so that the pronouncement in favour of a heavy reduction of tariff rates has nothing to do with the party's main objective. In other words, if it got into power and could thus carry out both its socialisation policy and its

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tariff policy, the latter would have to be entirely different from what it is now. Meanwhile it needs votes for socialism both in the east and in the west, and while its low-tariff policy is excellent politics in the prairies, it is very poor politics among the working classes of the industrial cities.

The liberty of the citizen is pretty good doctrine for the depressed classes in any part of the country, and enables the party to work up a good deal of resentment against the Province of Quebec, where it would not get many votes anyhow. But voters who have studied the actual workings of socialist governments in practice in any part of the world, or who have read the franker expositions of socialist plans of campaign in Great Britain (such as G. R. Mitchison's *First Workers' Government*), are apt to suspect that the party's interest in liberty of expression is greater now, when it is in opposition, than it would be if it were in power. To do the C.C.F. justice, its leaders are probably quite unconscious of any prospective inconsistency; but the belief is widespread that they would, if they found themselves in a position to do so, sacrifice a good many of the safeguards of democracy in order to save the country from the evils of capitalism.

On international relations both of the old parties practise a strongly non-committal vagueness of verbiage in the desire not to alienate either of the extremes of Canadian opinion, the highly independent and the highly imperialist. The C.C.F. view is that the imperialist attitude is the result of capitalist influences, and should be combated by all socialists. If international relations were a decisive factor in Canadian elections, this should enable the C.C.F. to ally itself with the bulk of French-Canadian opinion, but, as already pointed out, there is no chance of such an alliance because the party's socialism outweighs its anti-imperialism in Quebec's estimate. Both Quebec and the C.C.F. desire to see Canada abstain from some of the conceivable wars in which Great Britain may be expected to engage;

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but the reasons for abstaining, and the kinds of wars to be abstained from, are widely different in the two cases, and the two elements are at one only in the belief that Canada should possess the right to maintain neutrality in a British war. Even here they are not wholly agreed, as the C.C.F. now wants the right to neutrality to be declared in advance, while Quebec will be satisfied with seeing it put into force when occasion arises. Both would like to see certain "commitments", such as the agreements for the British use of Canadian harbours and the arrangements for munition supplies from Canada, which they fear may operate to prevent neutrality, abrogated as soon as possible. On the other hand, the C.C.F. would have Canada join Britain in any war entered upon for the maintenance of a true system of collective security—the political colour of the British Government at the time would probably have a great deal to do with determining what is and what is not a truly "collectivist" war—while Quebec would have no more interest in such a war, especially if waged by a group of Popular Front governments, than in one waged for the most purely capitalist reasons. Now that war over Czechoslovakia has been avoided, the C.C.F. is convinced that it would have been a war in which Canada should have supported Great Britain to the limit of its power, while Quebec is quite sure that it would have been nothing of the kind.

The idea that the rather extensive public-ownership commitments of Ontario are a sign of affection for socialism is entirely mistaken. They were not so even at the time when they were undertaken, and they are less so to-day, when the further experiment in railway ownership on a national scale has proved financially so disastrous. It is now realised that the dream of vast public-ownership enterprises, divorced from politics and run on pure business principles, is an illusion—at any rate in North America with its peculiar political atmosphere. There is a very widespread discontent even in Ontario with the two old

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parties, but it is very uncertain how to express itself; those who feel it have not forgotten the disillusionment which followed their last effort, the United Farmers of Ontario Government immediately after the war. Mr. Hepburn, though nominally a Liberal, has cashed in on some of this disaffection by being almost as hostile to the Dominion Liberals as to the Conservatives. The Ontario farmer is far more of an individualist than the prairie wheat-grower. As for the Ontario unemployed, they seem to find the socialist philosophy of the C.C.F. leaders somewhat rarefied for their needs, and they are chiefly engaged in pressing for better terms in the matter of immediate relief. What they will do when it becomes economically impossible to give them adequate relief any longer, it is hard to say, but they will probably turn to a less intellectual, more impassioned and more dangerous type of leadership.



AUSTRALIA

I. DEFENCE

FOR 1937-38 the Commonwealth Parliament authorised an expenditure on defence of £11·5 millions, an increase of £4·3 millions over the average of the previous three years.* Before the next statement of the Government's plans was made, the course of the fighting in China, particularly the progress made by the Japanese in the vicinity of Hong Kong, and the prediction of war with Great Britain attributed to Admiral Suetsugu, a member of the Japanese Ministry, had caused steadily growing concern in Australia. The events in Europe in February and early March, followed by the British Government's acceleration of its programme of rearmament, added to the anxiety felt in Australia about the position of the Empire.

A previous issue of THE ROUND TABLE † made brief mention of Mr. Lyons' announcement on March 24 of a total expenditure of £43 millions for a new three-year programme of defence extending over the years 1938-39 to 1940-41. This expenditure is about £2 2s. a head a year, very much more, it is true, than we have ever spent before on peace-time preparations for defence, but very much less than the £7 a head which Great Britain is spending. We can scarcely say we are doing enough in comparison (to quote Mr. Hawker, M.H.R.) with "our kinsmen in other parts of the Empire who are taxed almost tragically to ensure their defence, and to some extent for our defence".

Practically unanimous approval in leading articles greeted

* See THE ROUND TABLE, No. 109, December 1937, p. 132.

† No. 111, June 1938, p. 608.

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Mr. Lyons' announcement of the expenditure of £43 millions in the next three years. If there has been opposition to the increase of expenditure, it has scarcely made itself heard; nor has there been much evidence of support. The only question that has been canvassed at all generally is the resumption of compulsory military training. To this further reference is made below.

Fuller details of the programme were given in a paper laid before Parliament on April 27.* Of the £43 millions to be spent in the three years, £18·2 millions is for "maintenance of the existing defence services", £24·8 millions for "new expenditure". Between the services the expenditure (spread over three years) is to be thus allotted:—

	<i>Maintenance.</i>	<i>New Expenditure.</i>	<i>Total.</i>
	£.	£.	£.
Navy	7·25	7·75	15·0
Army	6·0	5·5	11·5
Air force (not including civil aviation)	3·7	8·8	12·5
Munitions	1·25	1·75	3·0
Organisation of civil industry for an emergency	—	1·0	1·0

The annual expenditure for maintenance during the three years will average £6 millions; on the completion of the new programme, it will rise to £10 millions.

For the navy two additional cruisers of the *Sydney* type (7,000 tons with eight 6-inch guns) are being bought from the Royal navy, and sloops and smaller vessels for the seaward defence of harbours are to be built in Australia; existing *Washington* cruisers, the *Australia* and the *Canberra* (10,000 tons with eight 8-inch guns) are to have improved anti-aircraft armament and additional armour protection. Seaward defences are to be provided at the principal ports, and fixed coast defences established or improved.

* See Commonwealth Parliamentary Debates, April 27, 1938, pp. 558–61.

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The permanent forces are being increased to man the new coast and anti-aircraft defences, for which latter the Government ordinance factory is making guns. Additions to the factory will enable heavier field guns to be made. The army is being strengthened in various minor ways, but the militia forces remain at 35,000, and neither compulsory registration nor compulsory training is to be re-established.

The programme provides for the doubling of the first-line strength of the air force from 96 to 198 machines, with reserves in proportion. How soon the increase can be made seems to be in doubt. Some types of machines for the air force are made at the Commonwealth Aircraft Corporation's factory at Port Melbourne; but the larger machines are to be imported.* Air-Marshal Sir Edward Ellington, who has recently reported on Commonwealth air defence, emphasises that the uses to which the type of machine manufactured in Australia could be put are limited; as yet the output of the factory is confined to advanced trainers.

At Darwin an oil storage for naval use and defences to protect it make the beginnings of a naval sub-base. Detachments of the air force are to be stationed there and also a permanent force of "mobile troops". Although it has sometimes been spoken of as a potential naval base, forming part of a Singapore-North Borneo-Darwin triangle—Hong-Kong is now usually omitted from the British defence line—it must be understood that Darwin has as yet little of the equipment necessary for a base, and that the town and the country near it are entirely without industrial resources.

The manufacture in the Government's own factories of new types of munitions and explosives will be undertaken and there will be an increased output of all types of ammunition; also plant for the manufacture of munitions

* The Commonwealth Government, it is understood, has since ordered 50 Lockheed machines from the United States.—*Editor.*

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in private factories will be provided from the vote of £1 million for "organising civil industry to meet any emergency". An advisory panel of manufacturers, to act in consultation with the Council of Defence, has been appointed.

The Government's policy is one of "balanced development" in contrast to the previous system in which the navy predominated. Is this the right policy? Now that we are spending nearly £15 millions a year on defence, would it be possible by concentrating more on one service to reach a strength in that service that would in itself, with help from a British Far-Eastern fleet of about the present strength, be sufficient to deter an enemy? There are some who think that we could build a navy strong enough to do this. If they are right, clearly most of our expenditure should go to the navy. Others think that the strengthening of the air force is the most promising course to assure our safety. The Labour party's advocacy of increase in the air force as the principal object of expenditure was described in *THE ROUND TABLE*; * and its leader, Mr. Curtin, still holds, it is understood, the views he expressed last year.

Opinion in Australia would seem, on the whole, to accept the view that balanced development of all the services is the right policy. Until recently there has been little critical discussion of the doctrines that underlie policy. There are not many people willing to discuss defence problems who have the necessary knowledge, and the Defence Department does its best to restrain critical discussion by those who have any connection with the permanent or military forces.

What are the lessons to be drawn for the defence of Australia from recent air fighting in Spain and China? Are we to conclude that naval attacks on a coast cannot be warded off by defence in the air? Is it true that centres of government and industry, situated as ours are on the coast, cannot be defended by fighting and pursuit planes, for the

* No. 109, December 1937, pp. 128-30.

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reason that information of an approaching attack by bombers cannot be received in time? At Barcelona, we may remember, bombs were dropped from a height of 15,000 feet before the warning sirens could be sounded. On the other hand, are we to conclude that cities cannot be bombed to an extent that will terrorise the population and destroy vital centres? Is this so where there are no anti-aircraft defences, as in most Australian cities to-day? Should we concentrate on anti-aircraft defence as the most effective protection for our coastal cities? If so, and if we are relying on our own manufacturing efforts conducted at anything comparable with our present rate, we have many years to wait for security.

In one matter only has there been any general manifestation of opinion against the Government's policy—the decision not to resume compulsory military training. The Defence Act renders all able-bodied males liable to serve in the armed forces in time of war. From 1911 to 1929 there was compulsory training of cadets of school age and men up to 25. In 1921 the training strength, consisting of adults and cadets from 14 upwards, reached about 120,000. When compulsory training was abandoned in 1929 the strength (ages 17 to 21) was about 50,000. The peace strength of the military forces was then fixed at 35,000—a figure governed by financial considerations but having no relation to any military plans for the defence of Australia. There has since been difficulty in maintaining, by voluntary enlistment, even the reduced strength of 35,000. Last year after some effort this number was just reached.

If the military forces are to take any effective part in the defence of Australia, there can be no doubt that their numbers and training and equipment are alike inadequate. This was the view that led the Tasmanian organisation of the Labour party to pass a resolution at its annual conference in April, that compulsory training should be resumed in order to ensure a much larger and more efficient

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force. It has had widespread support throughout Australia, though it was soon repudiated by the Labour party in other States.

The Government has been advised by the army authorities that "the most pressing need is to strengthen the material side". It may indeed be that preparations for air and land defence cannot take us far unless we first lay a good foundation of munitions; and in our present backward state that will require an immense effort. In its plans for making the Government factories capable of manufacturing munitions for other parts of the Empire—to a minor extent this has been done for some time past—and for equipping private manufacturers to supplement the Government factories, the Government has met strong opposition from the Labour party. Its members have read the books in which the machinations of makers of armaments are held to have helped to precipitate the last great war, and they know of the vast profits made from the manufacture of armaments in peace as well as in war. They are determined not to countenance such a danger in Australia, but it may be a greater danger to continue to rely on what Government factories alone could make.

The trade unions, too, have refused their co-operation in the "advisory defence panel" which the Government has formed. Mr. Lyons invited them to appoint a trade-union panel to assist the Government in examining labour conditions in defence factories and private factories engaged in the production of munitions, and to aid it in drawing up a plan for making the best use of the nation's man power if the resources of Australian industry had to be diverted to defence. The Australasian Council of Trades Unions refused to appoint representatives until further explanations were made by the Government. Mr. Lyons assured them that the Government's plans did not contemplate the "industrial conscription" they feared. But the Council's decision was confirmed by conferences of trade unions in the principal States. The reasons are in part the fear of

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industrial conscription and in part a determined opposition to what the unions think to be the objects of the Government's policy. The conference at the Adelaide Trades Hall gave as its reason that co-operation in the Government's defence organisation was impossible until the Government was prepared to stand by the principle of collective security through the League of Nations. Other meetings have called on the Government to take sides against Fascism.

Into the opposition of the unions there enters also anxiety lest preparations for defence in co-operation with the rest of the Empire might bring a real danger of our being involved in serious operations outside Australia. The Labour party, it is clear, would oppose the sending of men overseas.

On the other hand, the threat of war in September has caused an awakening in the matter of defence.* The Government now seems to be seriously facing the problem of providing security for Australia. But there is no need to conceal the fact that at the time of the crisis Australia's forces were far from being adequately prepared to meet it. That emergency has shown Australia many useful lessons. The public now hopes and is inclined to insist that they be properly learnt. A great increase in defence expenditure seems certain. But what members of the general public are now coming to ask of the Government and of the Defence Department, from the Minister downwards, is leadership which is confident and assured, and on which Australians can rely.

II. IMMIGRATION INTO AUSTRALIA

AUSTRALIA is again taking her place among the immigrant-receiving countries. From an outward flow during the depression years the tide has turned again; the inward balance rose to about 6,000 last year and appears

* See above p. 44.

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likely to be about 8,000 this year. Compared with the post-war average this is not a high figure, and there are several already well-known considerations which raise serious doubts as to whether in the next few years Australia will be a country of immigration on the post-war scale.

Whatever may be the future volume of immigration, informed opinion in Australia has now come to accept the proposition that the number of British migrants will be negligible, and the statement by Mr. Menzies to the effect that we must look elsewhere for future additions to our population, together with cables and leading articles on the recent report of the Overseas Settlement Board, will convey this conclusion to a wider public. The declining tendency of the younger age-groups in the British population is of course much more generally understood as a governing factor than is the tendency to home investment of British capital. Great interest is taken in the Commonwealth Statistician's periodical release of migration figures, and attention is always drawn by the press to the stubborn continuance of the ebb of people of British stock in contrast to the steadily increasing inward balance of southern Europeans. The loss of people of British stock has occurred in every year since 1930. For the year ending June 30, there was a net loss of 652 migrants of British stock and a gain of 7,284 alien migrants. Alien immigration rose from 3,328 in the previous year, thus nearly doubling. It is probable that the resumption of the system of assisted passages for British migrants which was announced by the Prime Minister, Mr. Lyons, in April 1938, will reverse the balance of British migration to Australia, but it is not expected that very much more than this will be achieved.

The revival and steady increase of migration since the depression indicate a return of absorptive capacity in Australia, and the realisation that Britain will not be in a position to fill the demand for new population has brought about some discussion on the possibility of an alien influx into the Commonwealth. The inward balance of migration

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in 1937 was double that of 1936. If anything like the same rate of increase of absorption were to continue, such an influx of non-Britishers would occur. There have consequently been cries of alarm from some Australian newspapers and societies; but the substance of these alarming pronouncements has been disposed of in a common-sense statement by the Assistant Minister for the Interior, Mr. Thompson :—

The great point to remember is that the existing percentage of population in Australia of British origin, namely 98 per cent., is not, and cannot be, reduced by the present rate of white alien migration, even if there is no appreciable increase in migration from Great Britain. This fact is adduced from the rate of natural increase, which is always far in excess of arrivals from abroad. If the rate of new arrivals from all sources reaches 10,000 a year, and every one of them fails to find employment in Australia, the present percentage of unemployment in Australia would only be increased by 0.15 per cent.*

Australian attitudes to white alien immigration vary considerably according to special interest and traditional views. The Returned Soldiers' League, for example, demands that every foreign adult migrant shall apply for naturalisation within three years of arrival in Australia; that any immigrant without a sound knowledge of English should be considered undesirable and rejected; that a quota system be adopted designed to maintain the British proportion of the Australian population at 98 per cent.; that immigrants be registered so that their movements might be checked; and further that it be made illegal to establish organisations which have as their objective the maintenance of political associations between foreign nationals and their native countries. The President of the Diggers' Association of Queensland views with alarm the rapid increase of Italians in North Queensland, and believes that colour restrictions should be relaxed in order to enable Indian and other British subjects to settle in tropical Australia. So far no influential support for this proposal,

* *Sydney Morning Herald*, August 9, 1938.

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which amounts to a modification of the White Australia policy, has emerged.

On the question of the admission of refugees, public opinion apparently favours the introduction of types suitable to Australian conditions. Where the Australian economy is growing is in manufacturing industry, and many of the refugees from Austria possess either capital or technical training which should enable them—far from depressing Australian living standards—to make a positive contribution. In the August issue of the *Monthly Summary* of the National Bank of Australasia the writer of an article on “Manufacturing in Australia” points out that

Expansion of manufacturing has not been evenly spread over all industries, some have grown rapidly, while others, chiefly those of the less utilitarian and more artistic classes, have lagged behind. . . . In some industries such as the working of precious metals and the manufacture of jewellery and plate, there has been very little expansion. The highly developed artistry of some European countries, the difficulty of obtaining craftsmen, and the greater necessity of durable utilitarian goods, have all militated against the artistic trades.

Successful beginnings have nevertheless been made, and it may be that in these types of manufacturing, opportunities may be found for refugees. In fact, plans are at present being formulated by private groups interested in refugees for the establishment of some industries entirely new to Australia, while it has in some individual cases been demonstrated that refugees with technical qualifications can not only obtain employment, but also render indispensable service to their employers. According to the *Sydney Morning Herald*, the migration branch of the Department of the Interior will probably grant landing permits for the admission of about 5,000 refugees to Australia in the current year. The number of applicants for landing permits during the past few months has been abnormal. A large proportion of the applications are accompanied by the necessary guarantees from persons in Australia.

The Labour attitude to immigration of all kinds remains

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critical. Trades Hall leaders regard " wholesale migration to Australia from southern and central Europe as a menace to Australian standards of working and living " because of the slender financial resources of the immigrants and their inability to realise that non-observance of award rates and conditions tends to break down Australian workers' standards. Trades Hall officials say that complaints are frequently made that aliens, in many instances in collusion with employers, disregard awards. The Leader of the Federal Opposition, Mr. Curtin, has recently drawn the attention of the Federal Government to facts of this kind. It must not be imagined, however, that Labour opposes all immigration. It is realised, for example, that the introduction of skilled technicians for key positions in industry, if it enables production which otherwise could not be undertaken, will increase opportunities of employment generally. Trade union leaders, however, suggest that searching inquiries within Australia might in many cases result in the appointment of Australian technicians possessing adequate skill, and render unnecessary the introduction of technicians from abroad.

The Commonwealth Government has shown itself in recent years consistently favourable to an increase in Australian population by means of immigration. The latest suggestion is that the development of Australian industries and the investment of British and American capital might lead to a migration of Americans. On his return to Australia early in September the Minister for Commerce stated that the farmers of the north-west portion of the United States are facing the problem of a lack of room, and that some of them are now looking towards Australia as a " further west ".

Immigration to Australia is again a going concern, and the main lines for the future are clear. On the side of sources there will be few British, probably few Dutch and Scandinavians, numbers of central Europeans, including refugees for some years, but the bulk will be Italians,

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Greeks, Yugoslavs, and Poles. On the side of absorption, there will be less agricultural settlement than in post-war years; whatever the immediate destination of the individual settlers, the increase of population in Australia must be absorbed in urban occupations.

III. THE BRITISH COMMONWEALTH RELATIONS CONFERENCE

THE value of a conference is measured by the amount of change which it produces in the minds of the participants. Conferences would not be necessary if opinions and points of view did not differ. If no adjustment takes place, the conference must be said to have failed. The test is severe, for famous men are as little prone to change their minds as little men with limited points of view.

Judged by this criterion, the Sydney Conference was for this writer a striking success. In most phases of Commonwealth relations he found reason to make some quite substantial adjustments in his point of view and in his ideas of possible policy. The short space allotted to this note can be best used in summarising the points from which he derived profit.

While it cannot be said that a common Empire policy in relation to the outside world is possible, it was fairly clear that the main objection to a closer co-operation in policy came from constitutional inhibitions. If the demand for closer organic union is abandoned, the amount of real co-operation will be increased, though in varying degrees with different members. This want of co-operation is in no way due to unfriendliness or friction, but to genuine differences of interest, of racial composition and social philosophy. Indeed, in quarters where one expected suspicion and criticism, one found genuine warmth for the Commonwealth.

The conviction that if the British Commonwealth were dissolved as a group an irreplaceable bulwark of world

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order would be gone was almost universal in the Conference. It was essential that the ties should be loose and freedom of movement permitted, but the associations must not fail altogether. One wondered, however, what action each member was prepared to make to preserve this unity in a jungle world. The kind of co-operation possible was indicated by suggestions for a regional defence policy based on the main self-governing Dominions. That was new to most of us, but supported by competent authority. It was quite clear, however, that mere concentration on the preservation of the group did not attract some of the delegates. To many the content and colour of the policy pursued by Britain as leader of the group were all-important. British policy would be approved by these only if certain social or ideological principles were recognised. It did not follow, however, that such a recognition would ensure co-operation and sacrifice. Some of these delegates represented small minorities in their communities not sufficient to determine policy, but sufficient to reinforce the inertia against action. The difficulties of Commonwealth policy can thus be realised.

It may be doubted whether the concept "Commonwealth *contra mundum*" was ever really abandoned. The Commonwealth was conceived as fighting for a noble cause—a democratic world order—but the underlying feeling was that democracy was on the defensive. In view of the failure of the League, no basis for a world order could be conceived other than the Commonwealth. But can we expect other nations to agree to this? It was inevitable in the circumstances as they exist that short-term considerations should dominate our minds, but the present crisis is so urgent that if we are to avert catastrophe we must in a short time make adjustments that would normally take generations.

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I. THE POLITICAL SCENE

IN the last issue of *THE ROUND TABLE* * an account was given of the overwhelming victory of the United party at the general election, but it was pointed out that it would be wrong to regard its position as entirely secure. Reference was made to the personal factors arising out of the composition of the Cabinet and also to the disruptive force of sentimental issues as evidenced by the National Anthem controversy. Against this background the Parliamentary session, which commenced on July 22 and ended on September 24, must be viewed.

The session was, of course, the first of the new Parliament. It revealed a weakening of the two minor opposition parties, Dominion and Labour, from the point of view of effective parliamentary action. On the other hand, it showed that the main opposition party, the Nationalists, had increased not only in numbers, but in debating power and in a sense of responsibility. The session was by no means a happy one for the Government, despite its great numerical strength. The fact that little legislative work of importance was done is of no real significance. The session came after a strenuous general election campaign, no one desired that it should be protracted, and it was generally anticipated that the main work would be financial. Apart from finance, to which later reference will be made, two matters dominated the parliamentary scene.

As soon as the session commenced, the leader of the Opposition, Dr. Malan, introduced a motion to the effect that no solution of the National Anthem question would

* See *THE ROUND TABLE*, No. 112, September 1938, pp. 842-853.

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be satisfactory, save on the basis of a single purely South African and officially recognised anthem. The Prime Minister, General Hertzog, moved an amendment asking the House to endorse and accept the Government's statement of June 2.* Mr. Marwick, the leader of the Dominion party, moved a further amendment re-affirming the recognition of "God Save the King" as the official National Anthem of the Union.

In his speech in support of his amendment, General Hertzog was emphatic in his insistence on the necessity of taking into account the wishes and feelings, and securing the agreement of the English-speaking people of South Africa. This attitude enabled him to avert the split in his party that once threatened. One member alone, Mr. Leslie Blackwell, abstained from voting, on the ground that while he was satisfied with the operative part of the Government's declaration of procedure, he could not accept it as a statement of fact that there is at present no official National Anthem in the Union. The Prime Minister's amendment was therefore carried by an overwhelming majority. But the feelings aroused in the country by the Union Day incidents have not been entirely assuaged. They took place within a fortnight of the great election triumph of the United party to which English-speaking South Africans had made a notable contribution. They were received as a slap in the face, and the sting has not yet been removed. While the fifty-fifty basis of future procedure laid down by the Government is accepted as logically sound, the undercurrent of outraged sentiment has not yet ceased to run.

The second issue to which the attention of Parliament was mainly directed was of a personal nature. It arose from the defeat at the general election of Mr. A. P. J.

* This declaration stated that while there was at present no official National Anthem, the Government had decided that in the meantime "God Save the King" and "Die Stem van Suid-Afrika" would both be played on all formal occasions under Government auspices. See THE ROUND TABLE, No. 112, September 1938, p. 852.

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Fourie, Minister of Commerce and Industries, and his failure to find another seat within the three months' term allowed by the constitution. As the Prime Minister was determined to bring him back to the Cabinet, and as in the meantime an additional Minister had been appointed in the person of Mr. H. G. Lawrence, who relieved Mr. Hofmeyr of one of his portfolios (that of Labour), it became necessary to introduce a Bill to amend the South Africa Act so as to increase the number of Ministers with portfolios from 11 to 12. This Bill was bitterly fought and led to many personal recriminations. Its enactment moreover prepared the ground for Mr. Fourie's return to the Cabinet after he had been nominated as a Senator to represent non-European interests, and this in turn led to the resignation of two Ministers, Mr. Hofmeyr and Mr. Sturrock, which will be dealt with more fully below. The total result was a considerable weakening of the Government's position.

Already this has been reflected in the country. A week after the Cabinet resignations certain Provincial Council by-elections took place in the Transvaal. Three were on the Witwatersrand, one in Pretoria, all in areas that had declared themselves for the United party in May. All four seats were lost to the party in September, and it was clear that the result was determined primarily by a fairly large-scale defection of English-speaking supporters of the Government. More recently, since the end of the session, there has been a Parliamentary by-election in a Transvaal rural constituency, Marico, and once again the Government has lost a seat won in May. It has been pointed out that the turnover of votes at Marico would be sufficient to cause the loss to the United party of 14 of the 48 seats which it won last May. The Provincial by-elections on the Witwatersrand suggest that there has been an even bigger turnover of votes in the towns. Within a bare five months' period the Government's position has been so weakened that a general election to-day might well be disastrous for it.

No doubt the United party will recover some of the

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lost ground, but in the meantime it is clear that there is grave dissatisfaction among its supporters. The English-speaking centres generally are still sore because of the Union Day incidents: the Witwatersrand in addition is disgruntled because of the resignation of its two members in the Cabinet; there is a general feeling of uneasiness at the manner of Mr. Fourie's return to Parliament; and despite the Government's efforts to conciliate Afrikaans-speaking voters in the rural areas, it has lost ground there also. General Hertzog's leadership is being seriously questioned, and there has been a heavy slump in General Smuts's stock as far as his old South African party supporters are concerned, on the ground that he has been too complaisant to General Hertzog. The prophecy ventured three months ago * that the next few years will produce significant changes in the present balance of political forces, and that these changes may well commence sooner than most people anticipate, appears to have been not ill-founded.

II. THE CABINET RESIGNATIONS

ONE of the major political events of the past session was the resignation of two Ministers, Mr. J. H. Hofmeyr, Minister of Mines, Education and Social Welfare, and Mr. F. C. Sturrock, Minister without portfolio. Briefly, the cause of this event was the determination of the Prime Minister to secure the re-inclusion in the Cabinet of Mr. A. P. J. Fourie, who prior to the general election had been Minister of Commerce and Industries. In the election Mr. Fourie lost his seat, and could therefore not retain office beyond the three months' limit, which expired on July 11, unless another seat could be found for him in either the House of Assembly or the Senate. Several United party members were prepared to resign their seats in the Assembly in order to make way for Mr. Fourie. The latter, however, though a capable Minister, is not a

* See THE ROUND TABLE, No. 112, September 1938, p. 847.

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popular candidate, and the local party committees opposed the idea of his risking another election fight. It was then expected that the Prime Minister would accept Mr. Fourie's absence from the Cabinet until a vacancy occurred among the elected Senators that would offer a safer means of return to Parliament. The astonishment of the country was therefore considerable when it was announced early in September that Mr. Fourie was to be returned to the Senate, not as one of the indirectly elected provincial representatives, but as one of the four Government nominated Senators who are appointed, in the words of the South Africa Act, "on the ground mainly of their thorough acquaintance with the reasonable wants and wishes of the Coloured races in South Africa". Senator Thompson, one of these four nominated Senators, had resigned his seat, which the Prime Minister had decided to bestow on Mr. Fourie without full consultation with the Cabinet—in particular, with Mr. Hofmeyr and Mr. Sturrock. Upon news of this decision, Mr. Hofmeyr resigned, and Mr. Sturrock, who was absent at the time, did the same shortly afterwards. Both Ministers explained their action to the House of Assembly in somewhat similar terms. Mr. Hofmeyr's speech, in particular, made a deep impression. He made it clear that he had no objection whatever to Mr. Fourie as a colleague in the Cabinet—would in fact welcome his return. Absence of proper consultation too, though unpalatable, could be swallowed. His action was a protest against a flagrant violation of the spirit of the Constitution, and his appeal was for the maintenance of principle as against expediency in politics. Mr. Hofmeyr is known and respected by the liberal-minded in South Africa as a friend of the non-European peoples; and it shocked many, besides himself, to find that, for the sake of including immediately in the Cabinet a Minister who, though capable, is not indispensable, the Prime Minister was prepared to discard the normal method of securing his return to Parliament and to impose upon the country, in the guise of

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a spokesman for the non-European peoples, one whose qualifications in this capacity were, to put it mildly, open to doubt.

The whole episode was, and is, a disturbing one for the Government and its supporters. The Cabinet can ill afford to lose the services of the two Ministers who have resigned, and at the time of writing their places have not been filled. It is, in fact, not easy to find successors who will maintain in the Government that rather nice balance of elements that compose the United party. It is embarrassing also for the party to have public attention drawn to the rift that has long been latent between the more liberal section and the other elements. The Government, however, remains fairly secure for the present and Mr. Hofmeyr and Mr. Sturrock both remain within the ranks of the United party—a fortunate circumstance, for their defection, especially that of Mr. Hofmeyr, would draw away a considerable amount of support from the Government, particularly among the English-speaking section of the electorate. What has happened, however, may prove to be valuable not only as a stand for constitutional propriety, but also as a warning to the United party of the dangers that lie ahead.

III. THE BUDGET

MR. HAVENGA was again in the position of being able to close the national book-keeping with a substantial surplus in the Revenue Account for 1937-38. Having budgeted for a surplus of £1,500,000, he actually ended the year with £4,352,000. Customs revenue exceeded the estimate by £300,000, excise by over £100,000, postal revenue by £400,000 and inland revenue by £1,560,000. Expenditure was also some £790,000 less than the revised estimate, the main decreases being in assistance to farmers and in the vote of the Mines' Department, while defence was the chief item in which expenditure exceeded the estimate. Total revenue amounted to

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some £43,611,000 as against an estimate of £41,228,000 and total expenditure of £39,259,000 as against an estimate of £40,048,000. £400,000 of this surplus, representing expenditure already made for aid in getting rid of last year's maize crop but not yet voted, is to be carried forward into the current accounts, and the remainder is to be transferred to the Loan Account—a step the desirability of which is made sufficiently manifest by the further net increase of the public debt by £8,000,000 during 1937-38, despite the revenue surplus from 1936-37 contributed to the Loan Account.

In 1938-39 Mr. Havenga estimates an increase of expenditure to £42,846,000 and a decline of revenue, which in the absence of additional taxation would amount to £41,794,000, leaving a deficit of £1,052,000. The estimates of revenue collections are interesting. A decrease of £917,000 in the yield from customs and £59,000 from excise is expected. The Post Office is expected to show an increase of £128,000 from telephones and a net increase of £86,000. Revenue from gold mining is expected to drop by over £700,000, of which £606,000 represents the diminished yield from income tax on gold-mining companies. On the same basis of taxation as last year a further decline of £300,000 in the yield of normal income tax and super tax, other than that upon the gold mines, would have been expected. A marked decrease in stamp duties and fees is also forecast. To meet the deficit, the Minister is, as stated above, applying £400,000 from his 1937-38 surplus, and is reducing the rebate of 30 per cent. on the standard rate of income tax to 20 per cent., which will produce another £552,000, thus budgeting for a deficit of £100,000.

Mr. Havenga is, then, having to meet an increased expenditure from diminished resources and, after a run of "prosperity" budgets, he is now in the unenviable position of having to look forward to a further shrinkage before he has convinced the country of the dangers of continued prodigality. His budget speech, as a result, seemed to

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have been directed more to a consideration of future contingencies than to an elucidation of the accounts which he presented along with it. While unable to prevent an increase of expenditure this year, Mr. Havenga was busy erecting his defences against increased demands next year. The keynote of his speech was a rehearsal of the trials of a Minister of Finance during a period of buoyant revenue.

The Treasury (he said) which is the clearing-house of the mass of schemes, ingenious, crazy, prodigal and even, occasionally, sound, having the one common denominator of increased expenditure, gets a unique view of the country's financial mentality. What has struck me forcibly in dealing with such schemes is the underlying view that there is no limit to what the state can afford. This view is no doubt a result of the easy-money mentality which has resulted from the depreciation of our currency and from stock-exchange fortunes.

Mr. Havenga pointed this moral by a survey of the expansion that had taken place under the present Government, from the first of his series of "prosperity" budgets of 1933-34. Making adjustments for special non-recurring votes, and for tax revenue which has been diverted from the general to special accounts, he showed that normal expenditure from revenue had increased from £30,029,000 to £45,046,000 in the course of five years, an increase of 50 per cent. This increase must be regarded as a permanent obligation, and the Minister did well to remind Parliament that

in committing the country to large expenditure honourable members should bear in mind that they are also committing their constituents to future heavy taxation at a time when they will least be able to afford it.

He made another important point when he referred to the necessity of financial prudence as a pre-requisite of good government.

Increased State services (he said) are always welcomed by the public. But only in so far as we can afford them do they improve our lot. Finance is the Achilles' heel of democracy, and the growth of public expenditure leads, not as the previous generation thought, to socialism in our time, but as we now know to

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totalitarianism and dictatorship. Only that democracy will survive which succeeds in striking a true balance. Increasing state expenditure means inevitably increasing bureaucracy, increasing interference in private life and decay of liberty.

An important feature of South African public finance is the separation of the Revenue and Loan Accounts. It has always been considered that the progress of a young developing country like the Union would be impeded if the creation of capital assets through regular borrowing did not take place beyond the regular budget. Unfortunately the buoyancy of revenue during the past five years, which has so regularly turned budget surpluses into Loan Account, has not secured any reduction of the national indebtedness, but merely a vast inflation of the Loan Votes. "We have here, as elsewhere," said Mr. Havenga, "a tale of growing totals. In 1933-34 Parliament voted £13,000,000. I have this year to ask for over £23,000,000." Nor, indeed, is that the full tale, as it does not include the £1,000,000 which must be found this year for the £6,000,000 rearmament scheme. Comment has been made in *THE ROUND TABLE* in previous years on the growing normal commitments of the Union Government and the inflation of the Loan Votes. This year the Minister of Finance used strong words in condemnation of the insatiable appetite of the spending departments.

While the large increase in our normal expenditure (he said) has inevitably involved us also in large commitments on loan account, the estimates of the various departments this year reached dangerous proportions. These estimates, in the form in which they reached the Treasury, amounted to nearly £29,000,000, and it is only by a process of drastic cutting that we have been able to reduce the programme to financially manageable proportions.

While the key-note of economy in the budget speech is hardly echoed in the actual estimates for 1938-39, which show increases in expenditure both on Revenue and on Loan Account, its sober and dispassionate criticism of recent financial tendencies provides a welcome indication

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that the Treasury is alive to the "dangerous proportions" (to use the Finance Minister's own emphatic terms) to which a depression might find our expenditure had swollen.

IV. NATIVE REPRESENTATION IN PARLIAMENT

THE enactment in 1936 of the Representation of Natives Act * was a step, potentially at least, of very great significance. It deprived the natives of the Cape Province of the right of voting along with other citizens, and effectively barred the extension of that right to the natives of other Provinces. By way of compensation it empowered the natives of the Cape to elect three (European) members of the House of Assembly; it provided for the representation of the natives of all four Provinces by four (European) elected Senators; and it created a Natives Representative Council. It is beginning to be possible to take stock of the effect of these changes.

In an earlier issue † some account was given of the first session of the Natives Representative Council. It was pointed out that an excellent start had been made, but that everything would depend on the way in which the Council's advice was regarded by Government and Parliament. It is unfortunate therefore that during the last parliamentary session the Government should have had to announce that it had decided to reject the unanimous recommendation of the Council that native education should be dealt with by the Department of Education. The Government contends that in education, as in other matters, the native should be dealt with on a different basis than the European. It proposes therefore to administer native education through the Department of Native Affairs.

It is, however, perhaps more important at this stage to refer to the working out of the new provisions for the representation of native interests in Parliament itself. The new "native" Senators and members of the House of

* See THE ROUND TABLE, No. 103, June 1936, pp. 535-538.

† See THE ROUND TABLE, No. 110, March 1938, pp. 406-409.

NATIVE REPRESENTATION IN PARLIAMENT

Assembly have now participated in two sessions. Neither was a normal session, the one being a pre-election, and the other a post-election session, but it is possible to form some idea of the success of the experiment. In the first place it is clear that the natives chose their representatives very wisely. In calibre the "native" Senators and members of the House of Assembly are definitely above the average of those elected by the European voters. In the Senate in particular the standard of debate has been raised, and it is just possible that as a result it may become a more effective body than it has been of late. In the Assembly too the three native representatives, especially a woman member, Mrs. V. M. L. Ballinger, have secured for themselves an assured place and are listened to with attention.

But, on the other hand, it is doubtful whether the natives have on balance really gained. In the Senate very little can be achieved anyhow, and even if it does become a more effective body in consequence of the change, it will still be hampered by its constitutional limitations. In the Assembly the "native" members are listened to, but they can point to little by way of concrete achievement. This may be due in part to the fact that they have tended to antagonise the Government inasmuch as they have acted, largely owing to inexperience, virtually as an opposition party and voted accordingly. But apart from this, there is a tendency for the House generally to discount what they say on the ground that they are "native" members and therefore merely partisans for a particular point of view. And while it is true that that point of view is now being presented better than was the case before, it is unfortunately also true that, while in the past there were ten or twelve members dependent on native votes and therefore constrained to champion to some extent at least the native cause, now all but the "native" members are entirely dependent on European votes, and the pleading of the cause of the natives tends to be left entirely to the small band of their own representatives. The present indications

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are, therefore, not such as to make one unduly optimistic as to the success of South Africa's experiment in communal representation.

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I. THE BUDGET AND PUBLIC WORKS

LABOUR'S pre-election budget was presented on July 20, and may be thus summarised : *

<i>Revenue.</i>	1937-38. <i>Results.</i> £	1938-39. <i>Estimates.</i> £
Taxation	31,664,000	31,715,000
Interest	2,141,000	1,955,000
Other receipts	2,254,000	2,175,000
Total	36,059,000	35,845,000
<i>Expenditure.</i>		
<i>Permanent appropriations.</i>		
Debt services	9,441,000	9,544,000
Exchange	1,828,000	1,800,000
Highways	2,835,000	3,200,000
Other services	1,517,000	521,000
Total	15,621,000	15,065,000
<i>Annual Appropriations.</i>		
Social services	11,872,000	12,774,000
Other services	7,756,000	7,748,000
Total	19,628,000	20,522,000
Supplementary estimates and contingencies	—	200,000
Total expenditure	35,249,000	35,787,000
Surplus	810,000	58,000
Employment levy and tax	5,105,000	5,377,000

As is customary, the budget speech, besides setting out the public accounts, expounded the Government's policy on certain outstanding issues, and some of these statements

* For previous years, see THE ROUND TABLE, No. 105, December 1936, p. 222, and No. 110, March 1938, p. 417.

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were of particular importance; for example, that on public works policy. During the depression public works expenditure was cut away by the Coalition Government on the grounds of economy, and also as part of a policy aiming at reducing local costs. In recent years, however, there has been a swing of opinion in favour of using public works to “iron out fluctuations in prosperity”—that is, by cutting down public works in good times, and expanding them in times of depression. This theory is the reverse of that followed during the depression, but has been urged by the Opposition against the Labour Government; and it was substantially endorsed by the last report of the Directors of the Reserve Bank.

In the budget speech, however, this theory was energetically repudiated.

The present Government does not subscribe to the view that public works should be regarded as a palliative to be undertaken only when private enterprise fails to provide the necessary facilities or to offer the required employment. The present Government's policy is to promote or expand public works on their individual merits as projects of public development.

Mr. Nash's budget accordingly provided for public works expenditure of £20,719,700, of which £14,263,000 will be loan money—not necessarily public loans. The previous year's budget provided for £17,367,000, of which £14,400,000 was actually expended, including £8,400,000 of loan money. The following budget figures give an indication of the direction of public works expenditure :

	£	£
Railway construction	1,440,000	
Railway improvement	3,746,000	
	<hr/>	5,186,000
Highways and roads . . . . .	.	6,537,200
Public buildings . . . . .	.	2,360,000
Land settlement, development and improvement	.	3,081,500
Hydro-electric development . . . . .	.	1,556,000
Telegraph and telephone extensions . . . . .	.	750,000
Other works (aerodromes, plant and material, up-keep of buildings, etc.) . . . . .	.	1,249,000
	<hr/>	
Total		£20,719,700

THE BUDGET AND PUBLIC WORKS

These figures, however, must be used with some caution. For example, part only of this money is spent by the Public Works Department (last year £11,868,931; this year's estimates £12,757,200), the rest being under the control of other departments. Again, a considerable amount of the total is spent on maintenance, not on "capital works".

The Government's public works policy has been severely criticised. The main line of criticism is against spending such vast sums—particularly of borrowed money—in good times. Such spending, it is said, will convert healthy prosperity into a disastrous boom. Again, the Opposition claims that many of the proposed works are not revenue-producing. On these grounds the Opposition denounces the tendency of public works ("the most prosperous industry we have") to compete with other industries. In its view, the country's wealth is based on its primary and secondary industries. If the Public Works Department attracts workers from these industries, the whole economic structure is weakened. Further, the Opposition refuses to regard the 21,188 employees of the Department as being employed in the ordinary sense of the term. "Unemployment", said the Leader of the Opposition, "is not cured unless men are absorbed back into normal industry."

Clearly a time will come when some of the present types of public works will have to be "tapered off"; and the workers engaged in them will have to be transferred to other types of industry—whether under state or private control. "In anticipation of the completion of the major public works now in progress and those still to be commenced," said Mr. Nash in his budget speech, "development of secondary industries will be essential."

As to what progress, if any, has been made in the direction of developing "economic" secondary industries, there is considerable difference of opinion. The Government claims that progress towards "a properly balanced economy" has been considerable, that adequate protection

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has been given to industry where necessary (sometimes in the form of "rationalisation" *plus* price control), and that it has been pushing on with the necessarily slow work of studying the economics of proposed new industries. These proceedings have been criticised from two main angles : by importers and some consumers who say that far too much encouragement is given to industries that are uneconomic ; and by a section at least of the manufacturers who claim that high costs (imposed by Government) lay them open to ruinous competition from imports. "Failing further government help for local industry," said the Manufacturers' Association recently, "New Zealand will become a country of public works and imports." Truth in these controversies is hard to find : but at the moment of writing a fall in total imports is anticipated. On the other hand, such statistics as are available suggest a high general level of prosperity, however serious may be the problems of some sections of industry.

II. LABOUR'S ELECTION PROGRAMME

THE objective of the Government", says its policy statement,

is to utilise to the maximum the wonderful resources of the Dominion—

First, by maintaining and improving the living standards that have been experienced in the Dominion in the past three years as compared with the deprivation of the previous three years.

Second, to organise an internal economy that will distribute the production and services in a way that will guarantee to every person able and willing to work an income sufficient to provide him and his dependants with everything necessary to make a "home" and "home life" in the best sense of the meaning of those terms.

Third, to continue the progressive legislation and administration which have been successfully carried on by the Government since it took office on December 6, 1935.

Labour's programme is in fact summed up under the third head : the party is asking for authority to continue

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and extend the policies on which it has acted during the past three years. These policies, claim Labour spokesmen, are largely responsible for the Dominion's general prosperity in 1938 as contrasted with its lack of prosperity in 1935. Ministers do not claim to have raised the general level of prices received for our exports. But they do claim credit for having distributed the prosperity resulting from improved prices promptly and widely among the people; and they claim to have built upon the foundation thus provided by promoting "a more economic utilisation of our resources, and a more equitable distribution of the national income". Further, they say that a continuance of sound economic policy will protect New Zealand for long periods—some enthusiasts say indefinitely—from slumps originating overseas.

This theory of "insulation" has long been popular with the Labour party, and has been discussed before in *THE ROUND TABLE*. The manner in which insulation is to be achieved has never been precisely defined by Labour spokesmen, but certain broad lines have been suggested—for example, a correct credit policy, perhaps with depreciation or control of overseas exchange and regulation of imports; guaranteed prices for exporting industries; public works expenditure; the development of secondary industries; and in general maintenance of the purchasing power of the people. In the Labour view much has been done along these lines, and its election programme promises more—though repudiating immediate drastic action. Thus, Labour "proposes to maintain and extend the control of credit and currency until the state is the sole authority for the issue of credit and currency". The guaranteed price procedure will be extended "to provide an income for farmers measured by New Zealand standards in accord with the services rendered by the farmer". Housing construction and public works will be pushed ahead along lines at present followed, but with increased attention to needs of country-dwellers. Secondary industry will be

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developed on sound and efficient lines, but always bearing in mind "our trade relationship with England". And finally there is the social security scheme.

This scheme, in the phrase of an official pamphlet, aims at "providing security against financial worries of all citizens who suffer disabilities through circumstances beyond their control". The main benefits have already been set out in *THE ROUND TABLE*.^{*} They include, for example, old age benefit of 30s. per week at 60; invalid pensions, 30s.; pensions to widows and deserted wives, 25s. A last-minute addition was "universal superannuation": that is, payment, without means tests, to all those over 65. A start will be made with this in 1940 with payment at the rate of £10 per year, which will rise by increments of £2 10s. per year till all those over 65 receive £78 per year. The Government admits that the benefits are not as great as it would like—"we are doing the best we can for the moment". Meanwhile cash benefits are to be supplemented by free general-practitioner service, free medicines, and free hospital treatment.

Discussion of the scheme has concentrated on two main aspects: the free medical service, of which the medical profession has been strongly critical, and the cost.[†] When introducing the Bill, the Minister of Finance (Mr. Nash) estimated that the *additional* cost for the first year would be only £1,361,000. This sum, he believed, would be covered without increase in taxation, owing, it is suggested, to more efficient collection. As to later years, he said, "if we look after 1940, I think 1941 will look after itself". His argument was that in the past, production and national income had increased steadily, and the expectation that they would continue to increase in the future—particularly under Labour rule—justified the Government in facing a growing commitment.

^{*} No. 112, September 1938, p. 861.

[†] See *THE ROUND TABLE*, No. 112, September 1938, pp. 858-62.

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The success of the scheme depended on two things—first, on the increased production of the right commodities, and second, on the more just distribution of those commodities when produced.

These things would be achieved, he said, by the various policies which were already being applied.

This argument is, of course, rejected by the Opposition. It says that the Minister greatly under-estimated the costs and that it is fantastic to assume that production will increase in the future as it has in the past. Apart from this general argument that we simply cannot afford the scheme, certain particular provisions have roused much criticism—notably the tax on companies. By a last-minute amendment, the 1s. in the £ contribution will be charged, like income tax, on the profits of companies. The ground put forward for making the charge in this way is that it will prevent evasion. Critics retort that it will increase company taxation—already heavy—to breaking-point, and will in practice substantially increase the amount payable.

“Social security” dominated last session to the exclusion of other policy measures that had long been in view, notably that dealing with education. During the past three years there has been a general improvement in equipment in the Education Department, and a number of policy changes have been made, all suggesting a greater freedom in approach to problems—including the problem of examination. However, Mr. Fraser (Minister of Education) preferred to move slowly in dealing with the general reorganisation forecast in Labour's 1935 programme, and in the upshot his Education Bill was dropped at the end of the session. The party's present election manifesto promises continuation of the Government's successful policy of providing for all children the fullest educational opportunities from the kindergarten to the university.

The more specific promises emphasise the development of health services in schools and “physical education”, improvement in equipment, and the raising of the school-leaving age to 15.

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III. THE NATIONAL PARTY'S PROGRAMME

THE Leader of the Opposition (Mr. Hamilton) issued his party's manifesto on September 19. It had a two-fold aim: to demonstrate first that the "socialism" aimed at by the Labour party was a thing repugnant to New Zealand, and secondly, that the National party offered a positive alternative which would in effect give the country the material benefits promised by Labour while preserving spiritual liberty. Mr. Hamilton emphasised his faith in private enterprise as an economic principle, and accordingly promised reduction in taxation, and the withdrawal of the state from any attempt to regulate industry except to prevent abuses.* However, a striking feature of the manifesto was the insistence that the National party, if returned to power, would not destructively reverse Labour's policy. On the contrary, said Mr. Hamilton, there were merits in some of the Labour Government's measures, and these would be preserved: provided, of course, that "the underlying basis of socialism will be immediately removed".

Even in matters where the National party has most energetically criticised Labour policy it was at pains to deny that drastic change would follow its return to power. For example, it would retain government ownership of the Reserve Bank, which would remain subject to Parliament; and it is noteworthy that the party has not put before the country a programme of economy and "sane finance". Public works, in principle, should be confined in prosperous times "to works of a developmental and reproductive character", but works already begun (and, according to some, those promised but not commenced) would be completed. As to housing, Mr. Hamilton expressed his faith in private enterprise, encouraged and supported by the Government, and promised to encourage building societies, to make advances to home-builders up to 90 per cent., and to give state tenants the right to purchase

* See THE ROUND TABLE, No. 108, September 1937, p. 874.

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their homes. But generous advances are already being given, and Mr. Hamilton denies that the men at present employed on state houses would lose their jobs. He was "not going to smash the work already being done", he said. On the contrary,

realising the responsibility of the state to see that adequate housing is available for the people, we aim at a building programme of at least 5,000 houses each year.

On the vital problem of primary industries, Mr. Hamilton's manifesto read as follows :

As the farmer labours under an economic disadvantage in that he has to accept world market prices for his produce, but has to meet internal costs, we will give effect to such measures as will ensure that farmers are able to pay competitive rates of wages, are assured of reasonable interest on capital value in farms and stock, are enabled to meet increased costs imposed by legislation—including tariffs—and are ensured a remuneration commensurate with the service they render, comparable with that obtained by other members of the community who render equal service. This will be accomplished by a lowering of costs, or by a compensating payment for farm produce, or a combination of both.*

Mr. Hamilton went on to say, however, that "we will return to the farmer the ownership of his own produce"—that is, abandon the present system by which dairy produce is taken over and marketed by the state. Marketing by the state may be undertaken as a trustee for the producer, and the state will pay a guaranteed minimum price. The amount of this price and the means of financing it have not been explained, but according to at least one National candidate, it "would be used as a subsidy to the farmer to protect him and bring him into the line of prosperity with the rest of the nation". On the other great issue of "social security", the National party says it would not carry out the Labour party's scheme, but would continue the present pensions payments, supplementing them by

* These aims are strikingly similar to those of the guaranteed price. Cf. THE ROUND TABLE, No. 104, September 1936, p. 867.

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“a universal superannuation scheme” and “a complete health service to those who cannot pay”.

As for secondary industries, Mr. Hamilton's words might have been spoken by Mr. Nash:

In this field we see the most likely and fruitful field for increasing national production, enlarging the national income available to the people, absorbing our surplus man-power, and reducing the great uneconomic loss of idle productive power.

Mr. Hamilton's means of promoting development began with the assurance to capital of a reasonable return. Costs, moreover, would be stabilised, and consumption of goods stimulated by co-operation with manufacturers. As to working conditions, compulsory arbitration would be retained, and

the question of workers' wages, hours, and conditions of employment will be left to the Court of Arbitration for decision on the evidence submitted, including the effect of awards on industry and on employment.

No other indication was given of the rules by which the Court's decision will be guided, and Labour spokesmen claim that the way is left open for wages to be cut in the next depression (as they were in the last) through the Arbitration Court. Mr. Hamilton officially pledged his party not to “cut” wages, salaries and social services, but promised to abolish compulsory unionism.

The National party's policy, says a friendly editorial,* has been framed in the full realisation that New Zealand has progressed since 1931-32 in thought and ideals as well as in material things, that the National party to-day cannot just begin where the National party left off in 1935, because the people expect more of it—and of any party—than they expected then.

The policy, then, aims at “progress at the rate and in the manner likely to be approved by the good sense of the community”. The result is that if the two manifestoes, together with responsible policy statements, are read alongside each other, there is surprisingly little difference in the

* *Auckland Star*, September 20, 1938.

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concrete promises made. Some argue, therefore, that the differences between the parties are not so great as is made to appear: to them answer is made by both protagonists that the essential difference lies in objectives, in leadership, and in the general spirit of administration.

IV. THE PARTY STRUGGLE

THE National party's main line of attack on the Government is that it would introduce "complete socialism". The denials of Labour leaders are brusquely swept aside: the wolf will naturally clothe itself as a "reformist" sheep until the election is safely won. Then, say National speakers, liberty of the individual will be ruthlessly crushed, for socialism means dictatorship. Two main arguments are advanced in support of this interpretation: the socialist objective in the Labour party's constitution, and the policies actually enforced during the past three years. These are said to show that socialism has crept on apace, and that the foundations for dictatorship have been laid. According to one junior National candidate, we have already a dictatorship, as real though not so apparent, as that of Hitler, Mussolini and Stalin. To these two arguments Labour spokesmen retort, first that there is a legitimate distinction between a man's ultimate ideals and the objectives he hopes to realise within a limited time, and, secondly, that Labour's record in power shows it to be not so much socialist as charitable and sensible. They claim that these qualities rather than socialist theory would continue to guide Labour policy. Further, they urge, Labour practice has in fact been in conformity with New Zealand tradition and with current development in other democratic states. As for the Nationalists, Labour speakers claim that they are not genuinely "progressive", but remain at heart *laissez-faire* and deflationary as they were in 1932. A Nationalist Government, it is urged, would again see in a slump originating overseas a misfortune to be endured, but not to

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be warded off. A vote for Mr. Hamilton was therefore, claim Labour spokesmen, potentially a vote for slump conditions.

Meanwhile, public interest is keen, and has been stimulated by the practice of broadcasting parliamentary proceedings and policy speeches. Both parties promise prosperity, but roundly insist that the election of the other will be followed by ruin—if not at once, then when overseas prices fall. Round such promises and threats the battle rages keenly, to an extent which some find unedifying. For there are a few who look with a certain scepticism on this “auction of popularity”, and who suspect that neither party possesses wisdom undefiled.

Note.—The present article was written and dispatched from New Zealand shortly before election day. The result of the General Election was as follows :—

	<i>Seats.</i>				<i>Aggregate votes cast.</i>	
Labour	.	.	54	.	.	494,425
National party	.	.	24	.	.	356,031
Independents	.	.	2	.	.	24,999
<i>—Editor.</i>						

APPENDIX

A DOCUMENTARY ANTHOLOGY OF THE CRISIS

1. *The Carlsbad Programme.*

THE Sudeten German Party Congress was held at Carlsbad (Eger) on April 23, and Herr Henlein put forward an eight-point programme, which may be summarised as follows :

(1) Full equality of status for Czechs and Germans. (2) A guarantee for this by recognition of the Sudeten Germans as a legal body incorporate. (3) Determination and legal recognition of the German areas within the State. (4) Full self-government for the German areas. (5) Legal protection for every citizen living outside the area of his own nationality. (6) Removal of injustices inflicted since 1918 and reparation for them. (7) Recognition of the principle : within the German area German officials. (8) Full liberty to profess German nationality and political philosophy.

He also said : " We solemnly and openly declare that our policy is inspired by the principles and ideas of National-Socialism. If Czech statesmen want to reach a permanent understanding with us Germans and with the German Reich they will have to fulfil our demand for a complete revision of Czech foreign policy, which up to to-day has led the State into the ranks of the enemies of the German people."

2. *The Prime Minister's Statement in Parliament, May 23.*

On May 19 rumours began to gain currency of German troop movements in the direction of the Czechoslovak frontier. The German Government informed his Majesty's Ambassador on the following day that there was no foundation for these rumours, and they gave a similar assurance to the Czechoslovak Government.

On May 20 a number of serious incidents occurred in Czechoslovakia. On the morning of May 21 the Czechoslovak Government intimated that they were calling up one class for training and for the purpose of maintaining order in the frontier areas. On the same day an unfortunate incident took place in which two Sudeten Germans lost their lives in an incident near the frontier, the full facts of which are not yet entirely clear. The Czechoslovak Minister for Foreign Affairs informed the German Minister of this incident and told him that disciplinary measures would be taken against those responsible.

On the same day (May 21) his Majesty's Ambassador in Berlin

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received further assurances from the German Government that stories of German troop movements were completely unfounded.

The Czechoslovak Foreign Minister informed his Majesty's Minister in Prague on May 21 that a formal invitation had been sent to Herr Henlein to negotiate on the Nationality Statute which had been approved on the 19th by the Czechoslovak Government. But on that same day (May 21) it was announced in the Sudeten press that the political committee of the Sudeten German party had decided to inform the Prime Minister that the party were not in a position to discuss the nationality statute so long as peace and order in the Sudeten districts, and above all the constitutional rights of freedom of opinion of the press and of assembly, were not guaranteed.

I now learn, however, that it has been arranged for Herr Henlein to see the Czechoslovakian Prime Minister either to-night or to-morrow.

In face of this situation the principal concern of his Majesty's Government has been to use all their influence wherever it could be effective on the side of restraint, in word and deed, while keeping open the way to peaceful negotiation of a satisfactory settlement.

With that object they have represented to the Czechoslovak Government the need of taking every precaution for avoidance of incidents and of making every possible effort to reach a comprehensive and lasting settlement by negotiation with the representatives of the Sudeten party. In this his Majesty's Government have enjoyed the full co-operation of the French Government.

The Czechoslovak Government have responded to this representation with an assurance that they appreciate the interest which his Majesty's Government have manifested in this question and are fully resolved to seek an early and a complete solution.

His Majesty's Government have represented to the German Government the urgent importance of reaching a settlement if European peace is to be preserved and have expressed their earnest desire that the German Government would co-operate with them in facilitating agreement.

His Majesty's Government have at the same time informed the German Government of the advice tendered in Prague and of the assurances received from the Czechoslovak Government.

The German Minister for Foreign Affairs stated that he welcomed the efforts being made by his Majesty's Government and that the German Government fully shared their desire to see negotiations succeed.

At the moment the situation appears to have somewhat eased, and I understand that the elections passed off quietly yesterday without untoward incident.

3. Speech of Herr Jaksch at a mass meeting of the German Social Democrat party at Pilsen, July 17.

I warn those totalitarian people who in their blindness believe that Czechoslovakia can be wiped off the map as quickly as Austria that many followers of Henlein would pay with their lives for this error.

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We are convinced that this country can even better withstand an onslaught than did little Serbia, and that in three months the Nazi régime would arrive at the same point where Kaiser Wilhelm's régime ended in 1918.

4. *Memorandum of the Sudeten German party, submitted to the Czechoslovakian Government on June 7, and published on July 19.*

The memorandum contained the following principal demands :—

1. Recognition of equality among the various nations and national groups to be guaranteed by the Constitution.

2. Guarantee of the following democratic principle: (a) every national group to have the right to manage its own affairs; (b) and to have an equal share in the conduct of State business; (c) protection against anti-nationalists; (d) unrestricted rights to such groups to foster common national interests.

3. A National Regional Statute involving territorial reorganisation of the State in Czech, German, Slovak, and other areas.

4. Application of these reforms to legislation and administration. The Czech and German populations to have the right to determine their own national and territorial requirements consistently with the interests of the State.

National self-administration to apply in particular to the police, education, pre-military training, local finance, etc.

5. Division of legislative powers between the National Assembly and the Diets of each nationality. In the Assembly each national group to have its own section to represent it as a body corporate. The representatives in the national sections of Parliament to form the Diet of each nationality.

The National Assembly or the President of the Republic to have the right to veto decisions by the Diet, but not for a second time.

6. The executive power to be exercised by the President and the Government. In addition to the Cabinet Ministers, heads of the respective Administrations to be members of the Government, independently of the confidence of Parliament.

The heads of the local Cabinets to be members of the Supreme Council for National Defence.

7. Reorganisation of the Administration, involving suppression of the Ministries of Education, Social Welfare, Health, and Unification of Laws, whose responsibilities would be transferred to the local Governments.

National sections to be established in all other Ministries, except those of Foreign Affairs, Finance, and Defence.

8. Appointment to public services in national areas to be reserved for members of the nationality.

9. The Courts of second instance and the Supreme Court to have national sections.

10. All languages used to have equal official status, with special regulations for Prague.

11. All public and State-controlled enterprises to have national sections.

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12. In the Budget provision to be made for each nationality in accordance with an agreement between the national sections in Parliament.

13. The reorganisation to be carried out by Constitutional measures as far as possible.

14. Reparation to be made to the Germans in land reform, university laws, minority schools, and laws *re* the Legionaries.

5. *Sir John Simon's speech at Lanark, August 27.*

All the Government's efforts have been directed to the strengthening of the foundations of peace and the adoption of argument and reason in settling international differences. . . . True solutions cannot be found by the use of violent measures, which may easily have repercussions involving other parties. While there are interests and duties to protect and discharge which we would fight, we shall bring the whole weight of our influence to bear to prevent the outbreak of war anywhere, and shall always be ready to make our contribution to the maintenance of peace. The British position with regard to Czechoslovakia was fully declared in Mr. Chamberlain's speech on March 24. That declaration holds good to-day. There is nothing to add or to vary in its content. As a Government we have recognised in Czechoslovakia a real and urgent problem, and we are convinced that given good will on all sides, it should be possible to find a solution which is just to all legitimate interests. . . . In the modern world there is no limit to the reactions of war. The very case of Czechoslovakia may be so critical for the future of Europe that it would be impossible to assume a limit to the disturbance that a conflict might involve.

6. *The Hitler-Henlein Interview, Sept. 2.*

The following official *communiqué* was issued in Berlin:—The Führer received to-day at the Berghof the Leader of the Sudeten Germans, Konrad Henlein, who at Lord Runciman's desire gave him a sketch of the present state of the negotiations with the Prague Government. The Führer took note with interest of the explanations. Full identity of views was established in the judgment of the situation. Konrad Henlein, who lunched with the Führer, left the Berghof in the afternoon.

7. *Extract from Leading Article in "The Times", Sept. 8.*

It might be worth while for the Czechoslovak Government to consider whether they should exclude altogether the project, which has found favour in some quarters, of making Czechoslovakia a more homogeneous State by the secession of that fringe of alien populations who are contiguous to the nation with which they are united by race.

8. *Herr Hitler's speech at Nuremberg, Sept 12 (excerpts).*

The State which preceded us was blackmailed for nearly 15 years, and received for it what is, in my view, a somewhat insufficient reward—praise for being a well-behaved democratic State. This attitude

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becomes unbearable for us when a part of our people, apparently defenceless, is delivered over to shameless ill-treatment. I speak of Czechoslovakia.

That State is a democracy. It was founded according to democratic principles. That is to say, the overwhelming majority of the inhabitants were forced—out of hand, without their opinion being asked—to accept this settlement of Versailles and to exist in it. As a real democracy, a beginning was made by oppressing and maltreating the majority of the inhabitants and depriving them of their vital rights. An attempt was made to blandish the world into believing that this State had a special political and military function to fulfil. The former French Air Minister, Pierre Cot, explained it to us a little while ago. According to him, Czechoslovakia is there in order that it may attack German towns and industries with bombs in case of war. Presumably these would be the well-known explosives with a civilising influence. . . .

. . . The conditions in this State are, as everybody knows, intolerable politically. Seven and a half millions of human beings were robbed, in the name of a gentleman called Wilson, of their right of self-determination and were deliberately deprived of their livelihood. Phrases are of no avail to conceal the real position. Facts prove them, and the misery of the Sudeten Germans has no name. The attempt is being made to destroy them; they are oppressed and humiliated in the most intolerable manner. Three and a half million members of a nation of nearly 80 millions are not allowed to sing songs which displease the Czechs, or are beaten until they bleed because the Czechs dislike the sight of white stockings. They are terrorised and maltreated because they use a form of greeting which displeases the Czechs, even though they use it among themselves. They are hunted like wild beasts every time they give any sign of their national tradition of life. All this may be a matter of indifference to the representatives of the democracies. Indeed, they may even like it because only three and a half million Germans are concerned.

I can only tell the representatives of these democracies that it is not a matter of indifference to us, and that if these tormented creatures cannot by their own exertions attain their rights and help themselves, they will demand both their rights and assistance from us. . . .

The German Reich slumbered for a long period; the German people have now awakened, and have themselves assumed the crown of a millennium. This is for us a matter of pride and of humble gratitude to the Almighty. Let it be for the rest of the world a lesson, and an incentive to study history with greater discernment, lest it fall again into the errors of the past.

The world need not love the new Italian Roman Empire nor the German Reich; but no Power in the world can lay them low.

9. *Mussolini's unsigned article in the "Popolo d'Italia", Sept. 15 (contents announced on the previous day).*

You, Lord Runciman, must simply propose to Benes a plebiscite, not only for the Sudeten Germans, but also for all the nationalities

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which will ask for it. If Benes refuses, you will let him know that England will see seven times seven before going to war simply to preserve a State which is a monstrous fiction.

There are zones where the alien population is compact and where the plebiscite will simply mean annexation. There are other zones where the races are terribly mixed up, and in such zones the system of cantons might be applied. . . . Millions of men think that this war is to be avoided. Frontiers traced with ink may be modified. It is another thing when the frontiers were traced by the hand of God and the blood of man.

10. *The Conversation at Berchtesgaden, Sept. 15.*

The following announcement was issued from 10, Downing Street :—The Prime Minister has sent to the German Führer and Chancellor, through his Majesty's Ambassador in Berlin, the following message :—

"In view of increasingly critical situation, I propose to come over at once to see you with a view to trying to find peaceful solution. I propose to come across by air and am ready to start to-morrow. Please indicate earliest time at which you can see me and suggest place of meeting. Should be grateful for very early reply. NEVILLE CHAMBERLAIN."

The Führer and Chancellor has replied to the above message to the effect that he will be very ready to meet the British Prime Minister on September 15 (to-morrow). The Prime Minister is accordingly leaving for Germany by air to-morrow morning. September 14, 1938.

The following *communiqué* was issued from Berchtesgaden on the evening of September 15 :—The Führer and Reich Chancellor had a comprehensive exchange of views with Mr. Chamberlain, the British Prime Minister, on the Obersalzberg to-day. The British Prime Minister is returning to England to-morrow to confer with the British Cabinet. In a few days a new conference will take place.

11. *Extracts from the broadcast speech of Dr. Milan Hodža, Prime Minister of Czechoslovakia, Sept. 18.*

In the name of the lawful authorities of this State, I declare that, notwithstanding the refusal of Herr Henlein to come to an agreement with the Government over the nationalities problem, and notwithstanding the attempts at insurrection, the Government are prepared to continue their policy of understanding with the various nationalities, and especially with the Sudeten Germans, but will defend the complete integrity of the State, while pursuing the negotiations on the basis of their most recent proposals.

The Government do not need for this purpose either Henlein or the other fugitive leaders. Events show that masses of the Sudeten people, who are still here in immense majorities, seek a peaceful solution of the nationalities problem. The Government will not pursue a policy of reprisals, much less of persecution. They must, however, insist on respect for and maintenance of law and order. On this

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question there can be no concessions, because only in peace and order can a complete and reasonable understanding be reached.

12. *Extract from Lord Runciman's Report to the Prime Minister.*

When I arrived in Prague at the beginning of August, the questions which immediately confronted me were (1) constitutional, (2) political and (3) economic. The constitutional question was that with which I was immediately and directly concerned. At that time it implied the provision of some degree of home rule for the Sudeten Germans within the Czechoslovak Republic; the question of self-determination had not yet arisen in an acute form. My task was to make myself acquainted with the history of the question, with the principal persons concerned, and with the suggestions for a solution proposed by the two sides, viz., by the Sudeten German party in the "Sketch" submitted to the Czechoslovak Government on June 7 (which was by way of embodying the eight points of Herr Henlein's speech at Carlsbad), and by the Czechoslovak Government in their draft Nationality Statute, Language Bill, and Administrative Reform Bill.

It became clear that neither of these sets of proposals was sufficiently acceptable to the other side to permit further negotiations on this basis, and the negotiations were suspended on August 17. After a series of private discussions between the Sudeten leaders and the Czech authorities, a new basis for negotiations was adopted by the Czechoslovak Government and was communicated to me on September 5, and to the Sudeten leaders on September 6. This was the so-called Fourth Plan. In my opinion—and, I believe, in the opinion of the more responsible Sudeten leaders—this plan embodied almost all the requirements of the Carlsbad eight points, and with a little clarification and extension could have been made to cover them in their entirety. Negotiations should have at once been resumed on this favourable and hopeful basis; but little doubt remains in my mind that the very fact that they were so favourable operated against their chances with the more extreme members of the Sudeten German party. It is my belief that the incident arising out of the visit of certain Sudeten German Deputies to investigate into the case of persons arrested for arms smuggling at Mährisch-Ostau was used in order to provide an excuse for the suspension, if not for the breaking off, of negotiations. The Czech Government, however, at once gave way to the demands of the Sudeten German party in this matter, and preliminary discussions of the Fourth Plan were resumed on September 10. Again, I am convinced that this did not suit the policy of the Sudeten extremists, and that incidents were provoked and instigated on September 11 and, with greater effect after Herr Hitler's speech, on September 12. As a result of the bloodshed and disturbance thus caused, the Sudeten delegation refused to meet the Czech authorities as had been arranged on September 13. Herr Henlein and Herr Frank presented a new series of demands—withdrawal of State police, limitation of troops to their military duties, etc., which the Czechoslovak Government were again prepared to accept on the sole condition that a representative of the party came to Prague to discuss how order should be maintained.

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On the night of September 13 this condition was refused by Herr Henlein, and all negotiations were completely broken off.

It is quite clear that we cannot now go back to the point where we stood two weeks ago; and we have to consider the situation as it now faces us.

With the rejection of the Czechoslovak Government's offer on September 13 and with the breaking off of the negotiations by Herr Henlein, my functions as a mediator were, in fact, at an end. Directly and indirectly, the connection between the chief Sudeten leaders and the Government of the Reich had become the dominant factor in the situation; the dispute was no longer an internal one. It was not part of my function to attempt mediation between Czechoslovakia and Germany.

Responsibility for the final break must, in my opinion, rest upon Herr Henlein and Herr Frank, and upon those of their supporters inside and outside the country who were urging them to extreme and unconstitutional action.

I have much sympathy, however, with the Sudeten case. It is a hard thing to be ruled by an alien race; and I have been left with the impression that Czechoslovak rule in the Sudeten areas for the last twenty years, though not actively oppressive and certainly not "terroristic", has been marked by tactlessness, lack of understanding, petty intolerance and discrimination, to a point where the resentment of the German population was inevitably moving in the direction of revolt. The Sudeten Germans felt, too, that in the past they had been given many promises by the Czechoslovak Government, but that little or no action had followed these promises. This experience had induced an attitude of unveiled mistrust of the leading Czech statesmen. I cannot say how far this mistrust is merited or unmerited; but it certainly exists, with the result that, however conciliatory their statements, they inspire no confidence in the minds of the Sudeten population. Moreover, in the last elections of 1935 the Sudeten German party polled more votes than any other single party; and they actually formed the second largest party in the State Parliament. They then commanded some 44 votes in a total Parliament of 300. With subsequent accessions, they are now the largest party. But they can always be outvoted; and consequently some of them feel that constitutional action is useless for them.

Local irritations were added to these major grievances. Czech officials and Czech police, speaking little or no German, were appointed in large numbers to purely German districts; Czech agricultural colonists were encouraged to settle on land transferred under the Land Reform in the middle of German populations; for the children of these Czech invaders Czechs schools were built on a large scale; there is a very general belief that Czech firms were favoured as against German firms in the allocation of State contracts and that the State provided work and relief for Czechs more readily than for Germans. I believe these complaints to be in the main justified. Even as late as the time of my Mission, I could find no readiness on the part of the Czechoslovak Government to remedy them on anything like an adequate scale.

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All these, and other, grievances were intensified by the reactions of the economic crisis on the Sudeten industries, which form so important a part of the life of the people. Not unnaturally, the Government were blamed for the resulting impoverishment.

For many reasons, therefore, including the above, the feeling among the Sudeten Germans until about three or four years ago was one of hopelessness. But the rise of Nazi Germany gave them new hope. I regard their turning for help towards their kinsmen and their eventual desire to join the Reich as a natural development in the circumstances.

At the time of my arrival, the more moderate Sudeten leaders still desired a settlement within the frontiers of the Czechoslovak State. They realised what war would mean in the Sudeten area, which would itself be the main battlefield. Both nationally and internationally such a settlement would have been an easier solution than territorial transfer. I did my best to promote it, and up to a point with some success, but even so not without misgiving as to whether, when agreement was reached, it could ever be carried out without giving rise to a new crop of suspicions, controversies, accusations and counter-accusations. I felt that any such arrangements would have been temporary, not lasting.

13. *The Anglo-French Proposals presented to the Czechoslovak Government, Sept. 19.*

The representatives of the French and British Governments have been in consultation to-day on the general situation, and have considered the British Prime Minister's report of his conversation with Herr Hitler. British Ministers also placed before their French colleagues their conclusions derived from the account furnished to them of the work of his Mission by Lord Runciman. We are both convinced that, after recent events, the point has now been reached where the further maintenance within the boundaries of the Czechoslovak State of the districts mainly inhabited by Sudeten Deutsch cannot, in fact, continue any longer without imperilling the interests of Czechoslovakia herself and of European peace. In the light of these considerations both Governments have been compelled to the conclusion that the maintenance of peace and the safety of Czechoslovakia's vital interests cannot effectively be assured unless these areas are now transferred to the Reich.

2. This could be done either by direct transfer or as the result of a plebiscite. We realise the difficulties involved in a plebiscite, and we are aware of your objections already expressed to this course, particularly the possibility of far-reaching repercussions if the matter were treated on the basis of so wide a principle. For this reason we anticipate, in the absence of indication to the contrary, that you may prefer to deal with the Sudeten Deutsch problem by the method of direct transfer, and as a case by itself.

3. The area for transfer would probably have to include areas with over 50 per cent. of German inhabitants, but we should hope to arrange by negotiations provisions for adjustment of frontiers, where circumstances render it necessary, by some international body, including a

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Czech representative. We are satisfied that the transfer of smaller areas based on a higher percentage would not meet the case.

4. The international body referred to might also be charged with questions of possible exchange of population on the basis of right to opt within some specified time-limit.

5. We recognise that, if the Czechoslovak Government is prepared to concur in the measures proposed, involving material changes in the conditions of the State, they are entitled to ask for some assurance of their future security.

6. Accordingly, his Majesty's Government in the United Kingdom would be prepared, as a contribution to the pacification of Europe, to join in an international guarantee of the new boundaries of the Czechoslovak State against unprovoked aggression. One of the principal conditions of such a guarantee would be the safeguarding of the independence of Czechoslovakia by the substitution of a general guarantee against unprovoked aggression in place of existing treaties which involve reciprocal obligations of a military character.

7. Both the French and British Governments recognise how great is the sacrifice thus required of the Czechoslovak Government in the cause of peace. But because that cause is common both to Europe in general and in particular to Czechoslovakia herself they have felt it their duty jointly to set forth frankly the conditions essential to secure it.

8. The Prime Minister must resume conversations with Herr Hitler not later than Wednesday, and earlier if possible. We therefore feel we must ask for your reply at the earliest possible moment.

14. *The Chamberlain-Hitler Correspondence at Godesberg, Sept. 23.*

MY DEAR REICHSKANZLER,

I think it may clarify the situation and accelerate our conversation if I send you this note before we meet this morning.

I am ready to put to the Czech Government your proposal as to the areas, so that they may examine the suggested provisional boundary. So far as I can see, there is no need to hold a plebiscite for the bulk of the areas, *i.e.*, for those areas which (according to statistics upon which both sides seem to agree) are predominantly Sudeten German areas. I have no doubt, however, that the Czech Government would be willing to accept your proposal for a plebiscite to determine how far, if at all, the proposed new frontier need be adjusted.

The difficulty I see about the proposal you put to me yesterday afternoon arises from the suggestion that the areas should in the immediate future be occupied by German troops. I recognise the difficulty of conducting a lengthy investigation under existing conditions, and doubtless the plan you propose would, if it were acceptable, provide an immediate easing of the tension. But I do not think you have realised the impossibility of my agreeing to put forward any plan unless I have reason to suppose that it will be considered by public opinion in my country, in France and, indeed, in the world generally, as carrying out the principles already agreed upon in an orderly fashion and free from the threat of force. I am sure that an attempt to occupy

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forthwith by German troops areas which will become part of the Reich at once in principle, and very shortly afterwards by formal delimitation, would be condemned as an unnecessary display of force.

Even if I felt it right to put this proposal to the Czech Government, I am convinced that they would not regard it as being in the spirit of the arrangement which we and the French Government urged them to accept and which they have accepted. In the event of German troops moving into the areas as you propose, there is no doubt that the Czech Government would have no option but to order their forces to resist, and this would mean the destruction of the basis upon which you and I a week ago agreed to work together—namely, an orderly settlement of this question rather than a settlement by the use of force.

It being agreed in principle that the Sudeten German areas are to join the Reich, the immediate question before us is how to maintain law and order pending the final settlement of the arrangements for the transfer. There must surely be alternatives to your proposal which would not be open to the objections I have pointed out. For instance, I could ask the Czech Government whether they think there could be an arrangement under which the maintenance of law and order in certain agreed Sudeten German areas would be entrusted to the Sudeten Germans themselves—by the creation of a suitable force, or by the use of forces already in existence, possibly acting under the supervision of neutral observers.

As you know, I did last night, in accordance with my understanding with you, urge the Czech Government to do all in their power to maintain order in the meantime.

The Czech Government cannot, of course, withdraw their forces, nor can they be expected to withdraw the State Police, so long as they are faced with the prospect of forcible invasion; but I should be ready at once to ascertain their views on the alternative suggestion I have made and, if the plan proved acceptable, I would urge them to withdraw their forces and the State Police from the areas where the Sudeten Germans are in a position to maintain order.

The further steps that need be taken to complete the transfer could be worked out quite rapidly.

(Signed) NEVILLE CHAMBERLAIN.

(Translation.)

YOUR EXCELLENCY,

A thorough examination of your letter, which reached me to-day, as well as the necessity of clearing up the situation definitely, lead me to make the following communication:—

For nearly two decades the Germans, as well as the various other nationalities in Czechoslovakia, have been maltreated in the most unworthy manner, tortured, economically destroyed, and, above all, prevented from realising for themselves also the right of the nations to self-determination. All attempts of the oppressed to change their lot failed in the face of the brutal will to destruction of the Czechs. The latter were in possession of the power of the State, and did not

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hesitate to employ it ruthlessly and barbarically. England and France have never made an endeavour to alter this situation. In my speech before the Reichstag of February 22, I declared that the German Reich would take the initiative in putting an end to any further oppression of these Germans. I have in a further declaration during the Reich Party Congress given clear and unmistakable expression to this decision. I recognise gratefully that at last, after twenty years, the British Government, represented by your Excellency, has now decided for its part also to undertake steps to put an end to a situation which from day to day, and, indeed, from hour to hour, is becoming more unbearable. For if formerly the behaviour of the Czechoslovak Government was brutal, it can only be described during recent weeks and days as madness. The victims of this madness are innumerable Germans. In a few weeks the number of refugees who have been driven out has risen to over 120,000. This situation, as stated above, is unbearable, and will now be terminated by me.

Your Excellency assures me now that the principle of the transfer of the Sudeten territory to the Reich has, in principle, already been accepted. I regret to have to reply to your Excellency that as regards this point, the theoretical recognition of principles has also been formerly granted to us Germans. In the year 1918 the Armistice was concluded on the basis of the fourteen points of President Wilson, which in principle were recognised by all. They were, however, in practice broken in the most shameful way. What interests me, your Excellency, is not the recognition of the principle that this territory is to go to Germany, but solely the realisation of this principle, and the realisation which both puts an end in the shortest time to the sufferings of the unhappy victims of Czech tyranny, and at the same time corresponds to the dignity of a Great Power. I can only emphasise to your Excellency that these Sudeten Germans are not coming back to the German Reich in virtue of the gracious or benevolent sympathy of other nations, but on the ground of their own will based on the right of self-determination of the nations, and of the irrevocable decision of the German Reich to give effect to this will. It is, however, for a nation an unworthy demand to have this recognition made dependent on conditions which are not provided for in treaties nor are practical in view of the shortness of the time.

I have, with the best intentions and in order to give the Czech nation no justifiable cause for complaint, proposed—in the event of a peaceful solution—as the future frontier, that nationalities frontier which I am convinced represents a fair adjustment between the two racial groups, taking also into account the continued existence of large language islands. I am, in addition, ready to allow plebiscites to be taken in the whole territory which will enable subsequent corrections to be made, in order—so far as it is possible—to meet the real will of the peoples concerned. I have undertaken to accept these corrections in advance. I have, moreover, declared myself ready to allow this plebiscite to take place under the control either of international commissions or of a mixed German-Czech commission. I am finally ready, during the days of the plebiscite, to withdraw our troops from the most disputed frontier areas, subject to

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the condition that the Czechs do the same. I am, however, not prepared to allow a territory which must be considered as belonging to Germany, on the ground of the will of the people and of the recognition granted even by the Czechs, to be left without the protection of the Reich. There is here no international power or agreement which would have the right to take precedence over German right.

The idea of being able to entrust to the Sudeten Germans alone the maintenance of order is practically impossible in consequence of the obstacles put in the way of their political organisation in the course of the last decade, and particularly in recent times. As much in the interest of the tortured, because defenceless, population as well as with regard to the duties and prestige of the Reich, it is impossible for us to refrain from giving immediate protection to this territory.

Your Excellency assures me that it is now impossible for you to propose such a plan to your own Government. May I assure you for my part that it is impossible for me to justify any other attitude to the German people. Since for England it is a question at most of political imponderables, whereas for Germany it is a question of primitive right of the security of more than three million human beings and the national honour of a great people.

I fail to understand the observation of your Excellency that it would not be possible for the Czech Government to withdraw their forces so long as they were obliged to reckon with possible invasion, since precisely by means of this solution the grounds for any forcible action are to be removed. Moreover, I cannot conceal from your Excellency that the great mistrust with which I am inspired leads me to believe that the acceptance of the principle of the transfer of Sudeten Germans to the Reich by the Czech Government is only given in the hope thereby to win time so as, by one means or another, to bring about a change in contradiction to this principle. For if the proposal that these territories are to belong to Germany is sincerely accepted, there is no ground to postpone the practical resolution of this principle. My knowledge of Czech practice in such matters over a period of long years compels me to assume the insincerity of Czech assurances so long as they are not implemented by practical proof. The German Reich is, however, determined by one means or another to terminate these attempts, which have lasted for decades, to deny by dilatory methods the legal claims of oppressed peoples.

Moreover, the same attitude applies to the other nationalities in this State. They also are the victims of long oppression and violence. In their case also every assurance given hitherto has been broken. In their case also attempts have been made by dilatory dealing with their complaints or wishes to win time in order to be able to oppress them still more subsequently. These nations also, if they are to achieve their rights, will, sooner or later, have no alternative but to secure them for themselves. In any event, Germany, if—as it now appears to be the case—should find it impossible to have the clear rights of Germans in Czechoslovakia accepted by way of negotiation, is determined to exhaust the other possibilities which then alone remain open to her.

(Signed) ADOLF HITLER.

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My DEAR REICHSKANZLER,

I have received your Excellency's communication in reply to my letter of this morning and have taken note of its contents.

In my capacity as intermediary it is evidently now my duty—since your Excellency maintains entirely the position you took last night—to put your proposals before the Czechoslovak Government.

Accordingly, I request your Excellency to be good enough to let me have a memorandum which sets out these proposals, together with a map showing the area proposed to be transferred, subject to the result of the proposed plebiscite.

On receiving this memorandum, I will at once forward it to Prague, and request the reply of the Czechoslovak Government at the earliest possible moment.

In the meantime, until I can receive their reply, I should be glad to have your Excellency's assurance that you will continue to abide by the understanding, which we reached at our meeting on September 14 and again last night, that no action should be taken, particularly in the Sudeten territory, by the forces of the Reich to prejudice any further mediation which may be found possible.

Since the acceptance or refusal of your Excellency's proposal is now a matter for the Czechoslovak Government to decide, I do not see that I can perform any further service here, whilst, on the other hand, it has become necessary that I should at once report the present situation to my colleagues and to the French Government. I propose, therefore, to return to England.

(Signed) NEVILLE CHAMBERLAIN.

15. *The Godesberg Memorandum, Sept. 23.*

(Translation.)

Reports which are increasing in number from hour to hour regarding incidents in the Sudetenland show that the situation has become completely intolerable for the Sudeten German people and, in consequence, a danger to the peace of Europe. It is therefore essential that the separation of the Sudetenland agreed to by Czechoslovakia should be effected without any further delay. On the attached map the Sudeten German area which is to be ceded is shaded red. The areas in which, over and above the areas which are to be occupied, a plebiscite is also to be held are drawn in and shaded green.*

The final delimitation of the frontier must correspond to the wishes of those concerned. In order to determine these wishes, a certain period is necessary for the preparation of the voting, during which disturbances must in all circumstances be prevented. A situation of parity must be created. The area designated on the attached map as a German area will be occupied by German troops without taking account as to whether in the plebiscite there may prove to be in this or that part of the area a Czech majority. On the other hand, the Czech territory is occupied by Czech troops without regard to the question whether, within this area, there lie large German language islands, the

* See map, p. 224 below.

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majority of which will without doubt avow their German nationality in the plebiscite.

With a view to bringing about an immediate and final solution of the Sudeten German problem the following proposals are now made by the German Government :—

1. Withdrawal of the whole Czech armed forces, the police, the gendarmerie, the customs officials and the frontier guards from the area to be evacuated as designated on the attached map, this area to be handed over to Germany on October 1.

2. The evacuated territory is to be handed over in its present condition (see further details in appendix). The German Government agree that a plenipotentiary representative of the Czech Government or of the Czech Army should be attached to the headquarters of the German military forces to settle the details of the modalities of the evacuation.

3. The Czech Government discharges at once to their homes all Sudeten Germans serving in the military forces or the police anywhere in Czech State territory.

4. The Czech Government liberates all political prisoners of German race.

5. The German Government agrees to permit a plebiscite to take place in those areas, which will be more definitely defined, before at latest November 25. Alterations to the new frontier arising out of the plebiscite will be settled by a German-Czech or an international commission. The plebiscite itself will be carried out under the control of an international commission. All persons who were residing in the areas in question on October 28, 1918, or were born there prior to this date will be eligible to vote. A simple majority of all eligible male and female voters will determine the desire of the population to belong to either the German Reich or to the Czech State. During the plebiscite both parties will withdraw their military forces out of areas which will be defined more precisely. The date and duration will be settled by the German and Czech Governments together.

6. The German Government proposes that an authoritative German-Czech commission should be set up to settle all further details.

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The evacuated Sudeten German area is to be handed over without destroying or rendering unusable in any way military, commercial or traffic establishments (plants). These include the ground organisation of the air service and all wireless stations.

All commercial and traffic materials, especially the rolling-stock of the railway system, in the designated areas, are to be handed over undamaged. The same applies to all utility services (gas-works, power stations, etc.).

Finally, no food-stuffs, goods, cattle, raw materials, etc., are to be removed.

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16. *The Czechoslovak response to the Godesberg demands.*

(a) *The Czechoslovak Minister in London to the Secretary of State for Foreign Affairs, Sept. 25.*

SIR,

My Government has instructed me just now, in view of the fact that the French statesmen are not arriving in London to-day, to bring to his Majesty's Government's notice the following message without any delay :—

The Czechoslovak people have shown a unique discipline and self-restraint in the last few weeks regardless of the unbelievably coarse and vulgar campaign of the controlled German press and radio against Czechoslovakia and its leaders, especially M. Benes.

His Majesty's and the French Governments are very well aware that we agreed under the most severe pressure to the so-called Anglo-French plan for ceding parts of Czechoslovakia. We accepted this plan under extreme duress. We had not even time to make any representations about its many unworkable features. Nevertheless, we accepted it because we understood that it was the end of the demands to be made upon us, and because it followed from the Anglo-French pressure that these two Powers would accept responsibility for our reduced frontiers and would guarantee us their support in the event of our being feloniously attacked.

The vulgar German campaign continued.

While Mr. Chamberlain was at Godesberg the following message was received by my Government from his Majesty's and the French representatives at Prague :—

"We have agreed with the French Government that the Czechoslovak Government be informed that the French and British Governments cannot continue to take the responsibility of advising them not to mobilise".

My new Government, headed by General Syrový, declared that they accept full responsibility for their predecessor's decision to accept the stern terms of the so-called Anglo-French plan.

Yesterday, after the return of Mr. Chamberlain from Godesberg, a new proposition was handed by his Majesty's Minister in Prague to my Government with the additional information that His Majesty's Government is acting solely as an intermediary and is neither advising nor pressing my Government in any way. M. Krofta, in receiving the plan from the hands of his Majesty's Minister in Prague, assured him that the Czechoslovak Government will study it in the same spirit in which they have co-operated with Great Britain and France hitherto.

My Government has now studied the document and the map. It is a *de facto* ultimatum of the sort usually presented to a vanquished nation and not a proposition to a sovereign State which has shown the greatest possible readiness to make sacrifices for the appeasement of Europe. Not the smallest trace of such readiness for sacrifices has as yet been manifested by Herr Hitler's Government. My Government is amazed at the contents of the memorandum. The proposals go far beyond what we agreed to in the so-called Anglo-French plan. They deprive us of every safeguard for our national

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existence. We are to yield up large proportions of our carefully prepared defences, and admit the German armies deep into our country before we have been able to organise it on the new basis or make any preparations for its defence. Our national and economic independence would automatically disappear with the acceptance of Herr Hitler's plan. The whole process of moving the population is to be reduced to panic flight on the part of those who will not accept the German Nazi régime. They have to leave their homes without even the right to take their personal belongings or, even in the case of peasants, their cow.

My Government wish me to declare in all solemnity that Herr Hitler's demands in their present form are absolutely and unconditionally unacceptable to my Government. Against these new and cruel demands my Government feel bound to make their utmost resistance, and we shall do so, God helping. The nation of St. Wenceslas, John Hus and Thomas Masaryk will not be a nation of slaves.

We rely upon the two great Western democracies, whose wishes we have followed much against our own judgment, to stand by us in our hour of trial.

(Signed) JAN MASARYK.

(b) *The same to the same, Sept. 26.*

SIR,

I have communicated to my Government the Prime Minister's question which he put to me yesterday afternoon and for which he wished an answer. This question of the Prime Minister's, as I understood it, I transmitted to Prague as follows :—

"Although Herr Hitler did say that the memorandum handed to the Czechoslovak Government by His Majesty's Government was his last word, and although Mr. Chamberlain doubts very much that he could induce Herr Hitler to change his mind at this late hour, the Prime Minister may, under circumstances, make a last effort to persuade Herr Hitler to consider another method of settling peacefully the Sudeten German question, namely, by means of an international conference attended by Germany, Czechoslovakia and other Powers which would consider the Anglo-French plan and the best method of bringing it into operation. He asked whether the Czechoslovak Government would be prepared to take part in this new effort of saving the peace."

To this question I have now received the following answer of my Government :—

"The Czechoslovak Government would be ready to take part in an international conference where Germany and Czechoslovakia, among other nations, would be represented, to find a different method of settling the Sudeten German question from that expounded in Herr Hitler's proposals, keeping in mind the possible reverting to the so-called Anglo-French plan. In the note which Mr. Masaryk delivered to Mr. Chamberlain yesterday afternoon, mention was made of the fact that the Czechoslovak Government, having accepted the Anglo-French note under the most severe pressure and extreme duress, had no time to make any representations about its many unworkable features. The Czechoslovak Government presumes that, if a conference were to take place, this fact would not be overlooked by those taking part in it."

My Government, after the experiences of the last few weeks, would consider it more than fully justifiable to ask for definite and

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binding guarantees to the effect that no unexpected action of an aggressive nature would take place during the negotiations, and that the Czechoslovak defence system would remain intact during that period.

(Signed) JAN MASARYK.

(c) *Mr. Chamberlain to Herr Hitler, Sept. 26.*

MY DEAR REICHSKANZLER,

In my capacity as intermediary I have transmitted to the Czechoslovakian Government the memorandum which your Excellency gave me on the occasion of our last conversation.

The Czechoslovakian Government now inform me that, while they adhere to their acceptance of the proposals for the transfer of the Sudeten-German areas on the lines discussed by my Government and the French Government and explained by me to you on Thursday last, they regard as wholly unacceptable the proposal in your memorandum for the immediate evacuation of the areas and their immediate occupation by German troops, these processes to take place before the terms of cession have been negotiated or even discussed.

Your Excellency will remember that in my letter to you of Friday last I said that an attempt to occupy forthwith by German troops areas which will become part of the Reich at once in principle, and very shortly afterwards by formal delimitation, would be condemned as an unnecessary display of force, and that, in my opinion, if German troops moved into the areas that you had proposed, I felt sure that the Czechoslovakian Government would resist, and that this would mean the destruction of the basis upon which you and I a week ago agreed to work together—namely, an orderly settlement of this question rather than a settlement by the use of force. I referred also to the effect likely to be produced upon public opinion in my country, in France and, indeed, in the world generally.

The development of opinion since my return confirms me in the views I expressed to you in my letter and in our subsequent conversation.

In communicating with me about your proposals, the Government of Czechoslovakia point out that they go far beyond what was agreed to in the so-called Anglo-French plan. Czechoslovakia would be deprived of every safeguard for her national existence. She would have to yield up large proportions of her carefully prepared defences and admit the German armies deep into her country before it had been organised on the new basis or any preparations had been made for its defence. Her national and economic independence would automatically disappear with the acceptance of the German plan. The whole process of moving the population is to be reduced to panic flight.

I learn that the German Ambassador in Paris has issued a *communiqué* which begins by stating that as a result of our conversations at Godesberg your Excellency and I are in complete agreement as to the imperative necessity to maintain the peace of Europe. In this spirit I address my present communication to you.

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In the first place, I would remind your Excellency that as the Czechoslovakian Government adhere to their acceptance of the proposals for the transfer of the Sudeten-German areas there can be no question of Germany "finding it impossible to have the clear rights of Germans in Czechoslovakia accepted by way of negotiation". I am quoting the words at the end of your Excellency's letter to me of Friday last.

On the contrary, a settlement by negotiation remains possible and, with a clear recollection of the conversations which you and I have had and with an equally clear appreciation of the consequences which must follow the abandonment of negotiation and the substitution of force, I ask your Excellency to agree that representatives of Germany shall meet representatives of the Czechoslovakian Government to discuss immediately the situation by which we are confronted with a view to settling by agreement the way in which the territory is to be handed over. I am convinced that these discussions can be completed in a very short time, and if you and the Czechoslovakian Government desire it, I am willing to arrange for the representation of the British Government at the discussions.

In our conversation, as in the official *communiqué* issued in Germany, you said that the only differences between us lay in the method of carrying out an agreed principle. If this is so, then surely the tragic consequences of a conflict ought not to be incurred over a difference in method.

A conference such as I suggest would give confidence that the cession of territory would be carried into effect, but that it would be done in an orderly manner with suitable safeguards.

Convinced that your passionate wish to see the Sudeten-German question promptly and satisfactorily settled can be fulfilled without incurring the human misery and suffering that would inevitably follow on a conflict I most earnestly urge you to accept my proposal.

(Signed) NEVILLE CHAMBERLAIN.

17. *Extract from Herr Hitler's speech in Berlin, Sept. 26.*

I have made Herr Benes an offer [*i.e.* the terms in the Godesberg memorandum]. It is nothing more than the execution of that which he has already accepted. Now he has war or peace in his hands. He will either accept this offer now and give the Germans their freedom at last, or we shall go and fetch this freedom.

And one thing the world should note. During four and a half years of war, and in the long years of my political life, they have never been able to say I have ever been a coward. I now come before my people as its first soldier and behind me the world must know marches a nation, and a very different nation from the nation of 1918. . . . The German people to-day is not the German people of those days.

Such phrases to-day are like wasp stings to us. We are now immune against them. In this hour the whole German nation will unite itself with me. It will follow my will as its will, just as I regard its future and destiny as the measure of all my actions, and we will strengthen this united will just as we did in the fighting period—in that

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period in which, as an unknown, lonely soldier, I went out to conquer a Reich. I never doubted the final success and victory. . . . In these hours we all will become one sacred united will. . . . We are determined. Herr Benes can now choose.

18. *Authoritative statement issued in London, Sept. 26.*

It was authoritatively stated last night that during the last week Mr. Chamberlain has tried with the German Chancellor to find the way of settling peacefully the Czechoslovak question. It is still possible to do so by negotiations.

The German claim to the transfer of the Sudeten areas has already been conceded by the French, British, and Czechoslovak Governments, but if in spite of all efforts made by the British Prime Minister a German attack is made upon Czechoslovakia the immediate result must be that France will be bound to come to her assistance, and Great Britain and Russia will certainly stand by France.

It is still not too late to stop this great tragedy, and for the peoples of all nations to insist on settlement by free negotiation.

19. *President Roosevelt's message, Sept. 26.*

The fabric of peace on the Continent of Europe, if not throughout the rest of the world, is in immediate danger. The consequences of its rupture are incalculable.

Should hostilities break out, the lives of millions of men, women, and children in every country involved will most certainly be lost under circumstances of unspeakable horror. The economic system of every country involved is certain to be shattered, the social structure of every country involved may well be completely wrecked.

The United States has no political entanglements, it is caught in no mesh of hatred. The elements of all Europe have formed its civilisation. The supreme desire of the American people is to live in peace, but in the event of general war they face the fact that no nation can escape some measure of the consequences of such a world catastrophe.

The traditional policy of the United States has been the furtherance of the settlement of international disputes by pacific means. It is my conviction that all people under the threat of war to-day pray that peace may be made before rather than after war.

It is imperative for peoples everywhere to recall that every civilised nation in the world voluntarily assumed solemn obligations in the Kellogg-Briand Pact of 1928 to solve controversies only by pacific methods. In addition, most nations are parties to other binding treaties placing them under an obligation to preserve peace.

Furthermore, all countries have to-day available for such a peaceful solution of difficulties which may arise treaties of arbitration and conciliation to which they are parties. Whatever may be the differences in the controversies at issue, and however difficult of pacific settlement they may be, I am persuaded that there is no problem so difficult or so pressing for a solution that it cannot justly be solved by a resort to reason rather than by a resort to force.

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During the present crisis, the people of the United States and their Government earnestly hoped that negotiations for an adjustment of the controversy which has now arisen in Europe might reach a successful conclusion. So long as these negotiations continue, so long will there remain hope that reason and the spirit of equity may prevail, and that the world may thereby escape the madness of a new resort to war.

On behalf of the one hundred and thirty million people of the United States of America, and for the sake of humanity everywhere, I most earnestly appeal to you not to break off negotiations, looking to a peaceful, fair, and constructive settlement of the questions at issue. I earnestly repeat that so long as negotiations continue, differences may be reconciled. Once they are broken off, reason is banished and force produces no solution for the future good of humanity.

20. *President Roosevelt's Second Appeal, Sept. 28.*

I desire to acknowledge your Excellency's reply to my telegram of September 26. I was confident that you would coincide in the opinion I expressed regarding the unforeseeable consequences and incalculable disaster which would result to the entire world from the outbreak of a European war.

The question before the world to-day, Mr. Chancellor, is not a question of errors of judgment or of injustices committed in the past. It is a question of the fate of the world, to-day and to-morrow. The world asks of us who at this moment are the heads of nations the supreme capacity to achieve the destinies of the nations without forcing upon them as the price the mutilation and death of millions of citizens.

The resort to force in the Great War failed to bring tranquillity. Victory and defeat alike were sterile. That lesson the world should have learned. For that reason, above all others, I addressed, on September 25, my appeal to your Excellency and to the President of Czechoslovakia and to the Prime Ministers of France and Great Britain.

The two points I sought to emphasise were, first, that all matters of difference between the German Government and the Czech Government should be settled by pacific means; and, second, that the threatened alternative of a use of force on a scale likely to result in a general war is as unnecessary as it is unjustifiable. It is therefore supremely important that negotiations should continue without interruption until a fair and constructive solution has been reached. My conviction on these two points is deepened because responsible statesmen have officially stated that agreement in principle had already been reached between the Government of the German Reich and the Government of Czechoslovakia, although the precise time and method and detail of the carrying out of that agreement remain at issue. Whatever the existing differences may be, and whatever their merits may be—and upon them I do not need to undertake to pass judgment—my appeal was solely that negotiations should be continued until a peaceful settlement was found, and that thereby a resort to force be avoided. The present negotiations still stand open. They can be

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continued if you give the word. Should the need for supplementing them become evident, nothing stands in the way of widening their scope into a conference of all the nations directly interested in the present controversy—such a meeting to be held immediately—in some neutral spot. The conference would offer an opportunity for this and correlated questions to be solved in a spirit of justice and fair dealing, and, in all human probability, with greater permanence.

In my considered judgment, and in the light of experience of this century, continued negotiations remain the only way whereby the immediate problem can be disposed of upon any lasting basis. Should you agree to a solution in this peaceful manner, I am convinced that hundreds of millions throughout the world would recognise your action as an outstanding historic service to all humanity. Allow me to state my unqualified conviction that history and the souls of every man, woman, and child whose lives will be lost in the threatened war will hold us, and all of us, accountable should we omit any appeal for its prevention.

The Government of the United States has no political involvements in Europe and will assume no obligations in the conduct of the present negotiations. Yet in our own right we recognise our responsibilities as part of a world of neighbours. Conscience and the impelling desire of the people of my country demand that the voice of their Government be raised again and yet again to avert and avoid war.

21. *Mr. Chamberlain's Broadcast to the Nation and the Empire, Sept. 27.*

. . . After my first visit to Berchtesgaden I did get the assent of the Czech Government to proposals which gave the substance of what Herr Hitler wanted, and I was taken completely by surprise when I got back to Germany and found that he insisted that the territory should be handed over to him immediately, and immediately occupied by German troops without previous arrangements for safeguarding the people within the territory who were not Germans, or did not want to join the German Reich.

I must say that I find this attitude unreasonable. If it arises out of any doubts that Herr Hitler feels about the intentions of the Czech Government to carry out their promises and hand over the territory, I have offered on the part of the British Government to guarantee their words, and I am sure the value of our promise will not be underrated anywhere.

I shall not give up the hope of a peaceful solution, or abandon my efforts for peace, as long as any chance for peace remains. I would not hesitate to pay even a third visit to Germany if I thought it would do any good. But at this moment I see nothing further that I can usefully do in the way of mediation. . . .

. . . However much we may sympathise with a small nation confronted by a big and powerful neighbour, we cannot in all circumstances undertake to involve the whole British Empire in war simply on her account. If we have to fight, it must be on larger issues than that. I am myself a man of peace to the depths of my soul. Armed conflict between nations is a nightmare to me; but if I were convinced

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that any nation had made up its mind to dominate the world by fear of its force, I should feel that it must be resisted. Under such a domination life for people who believe in liberty would not be worth living; but war is a fearful thing, and we must be very clear, before we embark on it, that it is really the great issues that are at stake, and that the call to risk everything in their defence, when all the consequences are weighed, is irresistible.

For the present I ask you to await as calmly as you can the events of the next few days. As long as war has not begun, there is always hope that it may be prevented, and you know that I am going to work for peace to the last moment.

22. *The Prime Minister's Statement in Parliament, Sept. 28 (excerpts).*

[After tracing the development of the crisis up to his arrival at Berchtesgaden the Prime Minister gave an account of his interview with Herr Hitler.]

So strongly did I get the impression that the Chancellor was contemplating an immediate invasion of Czechoslovakia that I asked him why he had allowed me to travel all that way, since I was evidently wasting my time. On that he said that if I could give him there and then an assurance that the British Government accepted the principle of self-determination he would be quite ready to discuss ways and means of carrying it out; but, if, on the contrary, I told him that such a principle could not be considered by the British Government, then he agreed that it was of no use to continue our conversations. I, of course, was not in a position to give there and then such an assurance, but I undertook to return at once to consult with my colleagues if he would refrain from active hostilities until I had had time to obtain their reply. That assurance he gave me, provided, he said, that nothing happened in Czechoslovakia of such a nature as to force his hand. That assurance has remained binding ever since. I have no doubt whatever now, looking back, that my visit alone prevented an invasion, for which everything was ready. It was clear to me that with the German troops in the positions they then occupied there was nothing that anybody could do that would prevent that invasion unless the right of self-determination were granted to the Sudeten-Germans and that quickly. That was the sole hope of a peaceful solution. . . .

Naturally, his Majesty's Government felt it necessary to consult the French Government before they replied to Herr Hitler, and, accordingly, M. Daladier and M. Bonnet were invited to fly to London for conversations with British Ministers on September 18.

[Consultation then took place in London between British and French Ministers, when it was agreed to urge the Czechoslovak Government to agree to the immediate transfer to the Reich of all areas with over 50 per cent. Sudeten German inhabitants. The Czechoslovak Government had also been informed that the British Government would be prepared to join in an international guarantee of the new boundaries against unprovoked aggression. On this point the Prime Minister observed:]

In agreeing to guarantee the future boundaries of Czechoslovakia

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against unprovoked aggression, His Majesty's Government were accepting a completely new commitment as we were not previously bound by any obligations towards Czechoslovakia other than those involved in the Covenant of the League.

[Subsequently the Prime Minister gave an account of the exchange of views between himself and Herr Hitler at Godesberg.]

The memorandum and the map were handed to me at my final interview with the Chancellor, which began at half-past ten that night and lasted into the small hours of the morning, an interview at which the German Foreign Secretary was present, as well as Sir Nevile Henderson and Sir Horace Wilson; and, for the first time, I found in the memorandum a time limit. Accordingly, on this occasion I spoke very frankly. I dwelt with all the emphasis at my command on the risks which would be incurred by insisting on such terms, and on the terrible consequences of a war, if war ensued. I declared that the language and the manner of the document, which I described as an ultimatum rather than a memorandum, would profoundly shock public opinion in neutral countries, and I bitterly reproached the Chancellor for his failure to respond in any way to the efforts which I had made to secure peace. In spite of these plain words, this conversation was carried on on more friendly terms than any that had yet preceded it, and Herr Hitler informed me that he appreciated and was grateful for my efforts, but that he considered that he had made a response since he had held back the operations which he had planned and that he had offered in his proposal to Czechoslovakia a frontier very different from the one which he would have taken as the result of military conquest.

I think I should add that before saying farewell to Herr Hitler I had a few words with him in private, which I do not think are without importance. In the first place, he repeated to me with great earnestness what he had said already at Berchtesgaden—namely, that this was the last of his territorial ambitions in Europe and that he had no wish to include in the Reich people of other races than Germans. In the second place, he said, again very earnestly, that he wanted to be friends with England, and that if only this Sudeten question could be got out of the way in peace, he would gladly resume conversations. It is true he said, "There is one awkward question, the Colonies, but that is not a matter for war", and, alluding to the mobilisation of the Czechoslovakian Army, which had been announced to us in the middle of our conversations and had given rise to some disturbance, he said, about the Colonies, "There will be no mobilisation about that".

[The Prime Minister went on to describe the events of September 24 and 25, the despatch on the 26th of Sir Horace Wilson to Berlin with a personal message to Herr Hitler, the subsequent conversations in Berlin and the explicit declaration then made that France and Great Britain would stand by their respective commitments if need arose, and the reply which Sir Horace Wilson brought back from Herr Hitler.]

The reflection which was uppermost in my mind when I read his letter to me was that once more the differences and the obscurities had been narrowed down still further to a point where really it was inconceivable that they could not be settled by negotiations. So

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strongly did I feel this, that I felt impelled to send one more last letter—the last last—to the Chancellor. I sent him the following personal message :—

After reading your letter I feel certain that you can get all essentials without war and without delay. I am ready to come to Berlin myself at once to discuss arrangements for transfer with you and representatives of the Czech Government, together with representatives of France and Italy if you desire. I feel convinced that we could reach agreement in a week. However much you distrust the Prague Government's intentions, you cannot doubt the power of the British and French Governments to see that the promises are carried out fairly and fully and forthwith. As you know, I have stated publicly that we are prepared to undertake that they shall be so carried out. I cannot believe that you will take the responsibility of starting a world war which may end civilisation, for the sake of a few days' delay in settling this long-standing problem.

[A personal message had also been sent to Signor Mussolini, asking for his co-operation, which received a prompt and favourable response.]

Whatever views hon. Members may have had about Signor Mussolini in the past, I believe that everyone will welcome his gesture of being willing to work with us for peace in Europe. [A pause while the Prime Minister read a note which had been passed to him.] That is not all. I have something further to say to the House yet. I have now been informed by Herr Hitler that he invites me to meet him at Munich to-morrow morning. He has also invited Signor Mussolini and M. Daladier. Signor Mussolini has accepted and I have no doubt M. Daladier will also accept. I need not say what my answer will be.

23. *Agreement concluded at Munich, Sept. 29.*

Germany, the United Kingdom, France and Italy, taking into consideration the agreement, which has been already reached in principle for the cession to Germany of the Sudeten German territory, have agreed on the following terms and conditions governing the said cession and the measures consequent thereon, and by this agreement they each hold themselves responsible for the steps necessary to secure its fulfilment :—

1. The evacuation will begin on October 1.
2. The United Kingdom, France and Italy agree that the evacuation of the territory shall be completed by October 10, without any existing installations having been destroyed and that the Czechoslovak Government will be held responsible for carrying out the evacuation without damage to the said installations.
3. The conditions governing the evacuation will be laid down in detail by an international commission composed of representatives of Germany, the United Kingdom, France, Italy and Czechoslovakia.
4. The occupation by stages of the predominantly German territory by German troops will begin on October 1. The four territories marked on the attached map will be occupied by German troops in the following order : the territory marked No. I on October 1 and 2, the territory marked No. II on October 2 and 3, the territory marked No. III on October 3, 4, and 5, the territory marked No. IV on October 6 and 7. The remaining territory of preponderantly German

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character will be ascertained by the aforesaid international commission forthwith and be occupied by German troops by October 10.

5. The international commission referred to in paragraph 3 will determine the territories in which a plebiscite is to be held. These territories will be occupied by international bodies until the plebiscite has been completed. The same commission will fix the conditions in which the plebiscite is to be held, taking as a basis the conditions of the Saar plebiscite. The commission will also fix a date, not later than the end of November, on which the plebiscite will be held.

6. The final determination of the frontiers will be carried out by the international commission. This commission will also be entitled to recommend to the four Powers, Germany, the United Kingdom, France and Italy, in certain exceptional cases minor modifications in the strictly ethnographical determination of the zones which are to be transferred without plebiscite.

7. There will be a right of option into and out of the transferred territories, the option to be exercised within six months from the date of this agreement. A German-Czechoslovak commission shall determine the details of the option, consider ways of facilitating the transfer of population and settle questions of principle arising out of the said transfer.

8. The Czechoslovak Government will within a period of four weeks from the date of this agreement release from their military and police forces any Sudeten Germans who may wish to be released, and the Czechoslovak Government will within the same period release Sudeten German prisoners who are serving terms of imprisonment for political offences.

ADOLF HITLER.
NEVILLE CHAMBERLAIN.
ÉDOUARD DALADIER.
BENITO MUSSOLINI.

Annex to the Agreement.

His Majesty's Government in the United Kingdom and the French Government have entered into the above agreement on the basis that they stand by the offer, contained in paragraph 6 of the Anglo-French proposals of September 19, relating to an international guarantee of the new boundaries of the Czechoslovak State against unprovoked aggression.

When the question of the Polish and Hungarian minorities in Czechoslovakia has been settled, Germany and Italy for their part will give a guarantee to Czechoslovakia.

Declaration.

The Heads of the Governments of the four Powers declare that the problems of the Polish and Hungarian minorities in Czechoslovakia, if not settled within three months by agreement between the respective Governments, shall form the subject of another meeting of the Heads of the Governments of the four Powers here present.

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Supplementary Declaration.

All questions which may arise out of the transfer of the territory shall be considered as coming within the terms of reference to the international commission.

Composition of the International Commission.

The four Heads of Government here present agree that the international commission provided for in the agreement signed by them to-day, shall consist of the Secretary of State in the German Foreign Office, the British, French and Italian Ambassadors accredited in Berlin, and a representative to be nominated by the Government of Czechoslovakia.

24. The Anglo-German Declaration, Sept. 30.

Mr. Chamberlain, receiving representatives of the British press before his departure from Munich, said :—" I have always been of the opinion that if we could get a peaceful solution to the Czechoslovak question it would open the way generally to appeasement in Europe.

This morning I had a talk with the Führer, and we both signed the following declaration :—

We, the German Führer and Chancellor and the British Prime Minister, have had a further meeting to-day and are agreed in recognising that the question of Anglo-German relations is of the first importance for the two countries and for Europe.

We regard the agreement signed last night and the Anglo-German Naval Agreement as symbolic of the desire of our two peoples never to go to war with one another again.

We are resolved that the method of consultation shall be the method adopted to deal with any other questions that may concern our two countries, and we are determined to continue our efforts to remove possible sources of difference and thus to contribute to assure the peace of Europe."

25. Broadcast speech of General Sirovy, Sept. 30.

This is the most difficult moment in my life. I have taken the decision to save life and to save the nation. Superior force has compelled us to accept.

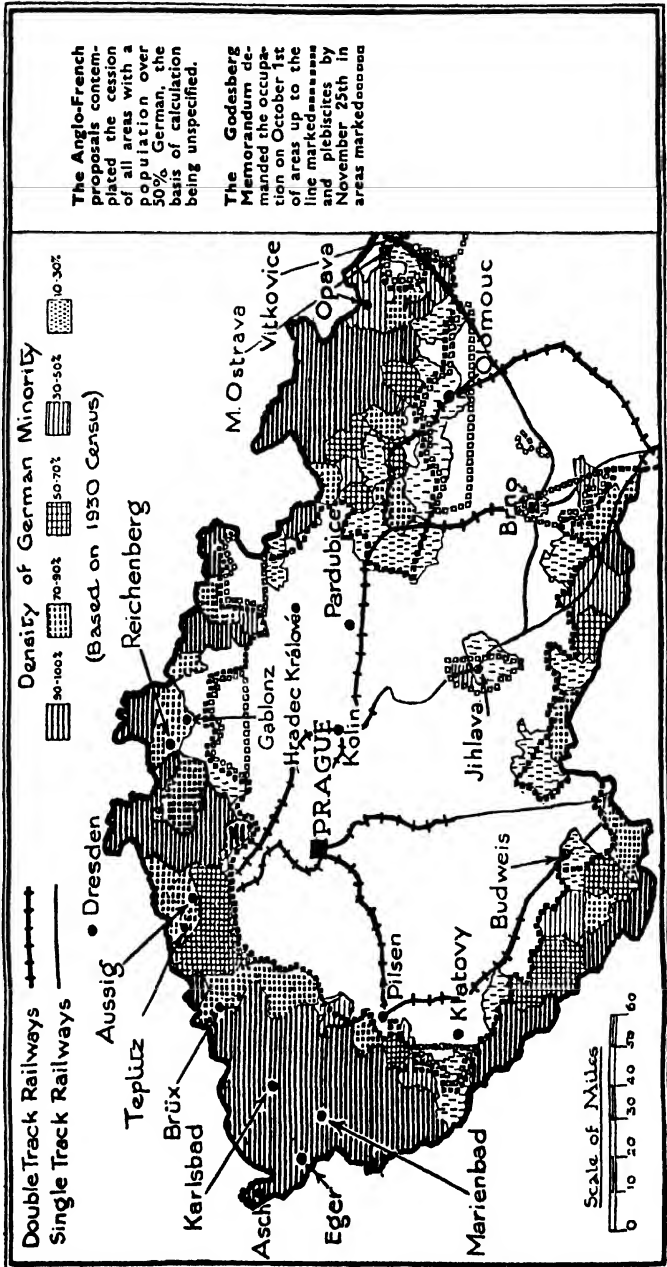
My duty was to consider everything. As a soldier I had to choose the way to peace. The nation will be stronger and more united. We have chosen the only right course.

The four Powers have decided to ask from us the cession of the German territories. We had to choose between a useless fight and sacrifices. We have accepted unheard-of sacrifices imposed upon us. We have to choose between the death of the nation and cession of some territories. We shall accomplish the conditions imposed on us. The main thing is that we are remaining ourselves, and we must be united.

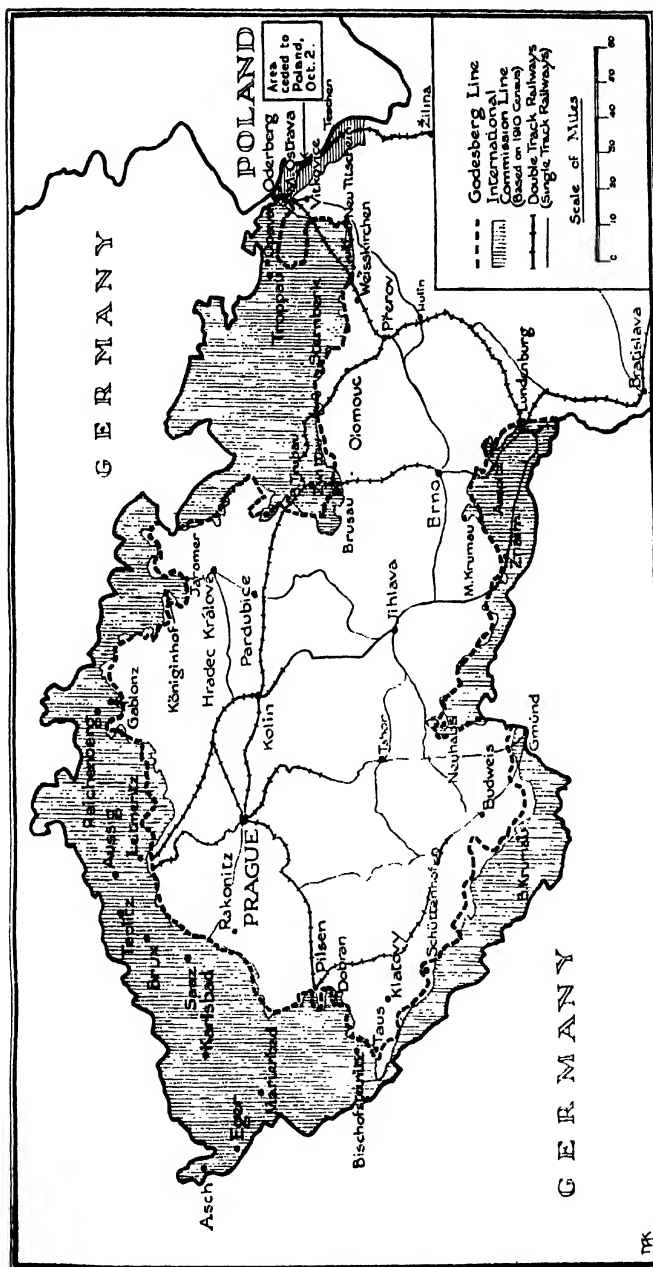
I am appealing to the people to maintain confidence in its leaders. Our State will not be the smallest. There are smaller States than we shall be. But an understanding with our neighbours will be easier. Our main concern must be to rebuild our State.

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I. MAP ILLUSTRATING THE ANGLO-FRENCH PROPOSALS AND THE GODESBERG MEMORANDUM



II. CZECHOSLOVAK FRONTIERS AS DEFINED BY THE INTERNATIONAL COMMISSION



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MAN POWER AND THE WAR PERIL

I. COMMITMENTS AND NECESSITIES

AS this number of THE ROUND TABLE goes to press, four months have passed since the Munich agreement. In that time appeasement has not drawn nearer nor has there been any recognition either in central Europe or in the Mediterranean, whether in domestic or in foreign policy, of the obligations that devolve upon those who claim to be the heirs to ancient civilisations. By relentless pressure Germany seeks to reduce her eastern neighbours to the subjection of vassal States. By brutality and confiscation she is hoping to cast destitute upon the world more than half a million of her own citizens, and her example has rekindled the fires of racial and religious bigotry over a large part of Europe. Even a sensitive and tolerant people like the Italians find themselves, to their shame, committed in the name of the Rome-Berlin axis to the ranker forms of injustice.

To many this debasement of the human spirit, with which National Socialism has identified itself, is the most formidable of all hindrances to the re-establishment of a comity of nations. But there are others. The gains of Munich have not brought satiety to either partner in the axis. The immense armaments of Germany are being still further expanded on land, in the air and now at sea. With what object, if not in the determination to accept no agreement which she cannot dictate? German and Italian intervention in Spain has been maintained in defiance of every undertaking to bring it to an end. Outrageous claims on France are put forward by Italy, not as the price

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of her friendship, or even of her neutrality, but as something owing to the enhanced status of the claimant. Such is the Europe in which Mr. Chamberlain continues his search for appeasement, but it is also the Europe from which Sir John Anderson has warned us that war may come upon us at any time at short notice.

At a moment so critical, every one of us must ask himself not only how a war might arise in Europe in which Great Britain would be involved, but also how that war is to be won. The power of the private citizen to give an intelligent answer to these questions is limited by the extent to which his Government disclose to him the nature of their external commitments and the requirements of their strategy in men and materials. If modern war, as we are constantly reminded, strikes indiscriminately at the civilian population and at the men on active service, a special duty falls on Governments to avoid either concealment or ambiguity concerning the nature of the danger or the means of averting it. At the present time, the people of Great Britain combine a tolerably clear notion of how war may come with a perplexed uncertainty about what is required of them to forestall it or, failing that, to win it. They are in this position because the Government has told them plainly what is in its mind on the one subject, but has given them no evidence that there is anything consistent in its mind on the other.

It is over two years since the then Foreign Secretary (Mr. Eden) defined in these terms the circumstances in which we might find ourselves at war :

These arms will never be used in a war of aggression. They will never be used for a purpose inconsistent with the Covenant of the League or the Pact of Paris. They may, and if the occasion arose they would, be used in our own defence and in defence of the territories of the British Commonwealth of Nations. They may, and if the occasion arose they would, be used in defence of France and Belgium against unprovoked aggression in accordance with our existing obligations. They may, and, if a new western European settlement can be reached, they would, be used in

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defence of Germany were she the victim of unprovoked aggression by any of the other signatories of such a settlement.

Those, together with our treaty of alliance with 'Iraq, and our projected treaty with Egypt, are our definite obligations. In addition, our armaments may be used in bringing help to a victim of aggression in any case where, in our judgment, it would be proper under the provisions of the Covenant to do so. I use the word "may" deliberately, since in such an instance there is no automatic obligation to take military action.

There is no reason to doubt that this simple statement of our commitments would be accepted to-day by the Prime Minister and his colleagues as fully as when it was made in 1936. The nation is aware of this, and to that extent knows where it stands.

But, when once we turn from commitments to the means of meeting them, we are groping in a fog of words. We all know that with the development of air power the command of the seas no longer of itself guarantees our survival. It was natural, therefore, that the assurance of Mr. Baldwin, given as long ago as March 1934, that in air power no Government—certainly not the National Government—would allow Great Britain to remain in a position inferior to any country within striking distance of our shores, should be unanimously applauded. Yet, as the doubt whether we were attaining to parity with our strongest neighbour has changed to the certainty that we were not, we have seen, not indeed an urgent and irresistible mobilisation of our industrial resources to redress the balance, but a gradual amendment of the formula to that of an air force "adequate to our needs". It is not clear why the measure of our needs should shrink from parity as the strength of our nearest and most dangerous rival increases. We know even less of our needs in men than in machines. Successive Prime Ministers have undertaken that there shall be no compulsory service in time of peace. But the country is assured that everything is ready for the introduction of compulsion on the outbreak of war. What principle can the plain

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man deduce from such statements, if it is not that, as the race will be a marathon, it will be time for us to train when the gun is fired? Has not the Home Secretary told us that the British Empire is invincible?

In the judgment of *THE ROUND TABLE*, no such easy confidence in the adequacy of our present efforts can be felt if we examine the risks to which we are exposed and the strategic implications of our external commitments. Our ability to defend the British Empire overseas or Egypt or 'Iraq is contingent on the survival of Great Britain as an independent European Power of the first rank, with its navy in command of the seas and its soil inviolate. If, as we have done, we engage ourselves to defend France and Belgium against aggression, the reason is not that they, like us, are democratic nations or that, like us, they treasure the freedom of the individual or even that they were our allies twenty years ago, but that we consider their independence an essential condition of our own. We know that they are no more likely to seek conquests or to attack their neighbours than we are ourselves, and that if they were conquered and their independence destroyed by an aggressor Power the tenuous margin of our own safety would vanish. An enemy facing us across the Channel—and every aggressor nation is by definition our enemy—would constitute an intolerable threat to our existence. It is because we feel this in our bones that we have committed ourselves to the defence of France and Belgium.

If we ask ourselves from what quarter an attack might come that would endanger the independence of France or Belgium, and with it our own, it is clear that the answer can only be from Germany. That the war might have its origin in Italian aggression in the Mediterranean or in French resistance to Italian demands is for the present purpose immaterial: it would be a critical struggle for the western Powers only if Germany were aligned against them, and if with their joint population of some 80 millions they were confronted with the same number of Germans, free

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perhaps for the first time in their history as a nation to fight on one front, and probably reinforced by 40 million Italians. When every allowance is made for the internal weakness of the dictatorships, for their precarious finances, their lack of foreign resources, the dislike and distrust of the régime among sections of the population, it is incontestable that the mere weight of numbers in the German army, the preponderance of the German air force and the organised strength of German industry constitute a formidable danger. In face of it we cannot rest until we are satisfied that our power to defend France, and through France ourselves, is such as to deter any aggressor who is still capable of sane calculation and to repel those whom the gods have made mad. Can we reasonably claim to be in that position to-day, to have so organised our industrial resources and above all our man-power as to be able to meet any demand that may be made on us? As between France and ourselves, can the present division of effort in a common task be regarded as stereotyped and inevitable, or is it merely provisional and unsatisfactory?

II. NATIONAL SERVICE FOR ALL

IN answering these questions, few of us are likely to underestimate the peculiar features of our situation in Great Britain. We are not and can never be a self-contained community, and we must find men and equipment for a supreme navy, a large merchant marine and the manufacture of goods for export. We have increasing responsibilities in all parts of the world, which compel us to maintain a small but highly trained long-service professional army. We need an adequate force to protect Great Britain against attack from the air and against a possible invader. As we are predominantly an industrial community, a disproportionate part of the burden of equipping our own forces and those of our allies is always likely to fall on us. But, when all this is said, there remains the inescapable fact

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that, if the defence of France and Belgium is indeed vital to our security, one of our own front lines is their frontier with Germany, and one of our first duties is to see that to the limit of our resources in men and material that frontier is protected against the weight of overwhelming numbers. In other words, our security may again depend on our ability to throw into France at the outbreak of war, and to maintain there, an expeditionary force adequate with our allies to arrest an enemy advance.

Now there is no reason to think that we are in a position to do this to-day, even to the extent of the four divisions of 1914, or that we are taking any steps to enable us to do it in any foreseeable future. The regular army, notwithstanding the talent for publicity now so evident in the War Office, is still 20,000 men short of established strength. The territorial army, from which notorious defects of equipment and organisation have failed to keep back recruits, is increasingly absorbed in anti-aircraft and home defence. Indeed, the negligible prospect of finding an adequate field force by our present methods has led some authorities to the view that we must do without one. It requires, they tell us, seven men to supply the equipment needed to-day by one man in the field. Our industrial system, it is alleged, is unequal to the task. Even if it were not, the navy cannot be expected, they say, to keep open the sea-routes to France against submarine and air attack. If the navy were known to share this view, and if the Channel tunnel were impracticable as an engineering project, and if the engineering industry had in fact placed a limit on what it could produce before it had even been asked, we might in sadness have to reconcile ourselves to our inability to place an army in the field in France. We should then be wise, no doubt, to renounce our obligations to our friends, and to supplicate the dictators for the privilege of sharing with them in a condominium of iniquity over palm and pine.

For its part THE ROUND TABLE refuses to join in such croakings. Its belief in the skill and energy of our heavy

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industries and in the goodwill and adaptability of the men and women engaged in them is unimpaired. It has not forgotten the astounding achievement of the munitions industry in the last war, or that by 1918 in one firm, and doubtless in many others, women were supplying all the labour needed for 18-pounder shell, two-thirds of that engaged on heavy shell and one-third even of the labour used on 6-inch guns. But for four years past these heavy industries have been subjected to the unco-ordinated and often conflicting demands of three service departments and to the vacillation of two of them. It is only in the last few months that some of the finest engineering establishments in the country have been encouraged or even permitted to bring their experience and their technical organisation to bear on the new problem of making modern bombers and fighters in large quantities rapidly with labour that has to be trained to the work. When these things are remembered, no one is entitled to suggest that the limit of our possibilities has been reached or is even remotely in sight.

If we turn to the wider question of man-power, what is true of industry is no less true of the nation as a whole. It is asking for a consistent, comprehensive, decided statement of what is required of it. Holding the belief that we are engaged here and now in a struggle for our national existence, and that a vital joint is missing in our defensive armour so long as we are not able to put a substantial force of trained men into the field in France, THE ROUND TABLE urges that the people of this country should be asked without delay to accept the principle of universal service, and so of their own free will to declare to the world that they do not regard equality of obligation as being contrary to the democratic system or inconsistent with the traditions of freedom. It is not suggested that the present method of voluntary recruitment for the navy, the air force and the regular army should be changed, but that the male population other than the members of those forces should be required to undergo military training for such period and

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in such numbers as might be necessary. In this way there would be built up a modified and enlarged territorial force adequate to our commitments and liable in time of war for service abroad.

It will be said, no doubt, that we cannot afford an army on this scale. Are we less able to afford it than our present force of 700,000 permanently unemployed, maintained by the nation in idleness and dwindling self-respect? Military service will not cure unemployment, though it may be expected to reduce its volume and mitigate some of its worst consequences; but in any event, so long as the nation tolerates mass unemployment as we now know it, it has no right to take a narrow view of what we can afford. Or we may be told that the spirit of service, which is the glory of the voluntary system, will be destroyed when service is compulsory. Do we really believe that A, the patriot, will be debased by the spectacle of B, whom he knew to be a shirker, being made into a man? Or it may be said, in the language of the clubs and the market, that "the trade unions will not have it". It would be difficult to find any evidence that trade unionists as a class are less willing to face facts or less staunch in their loyalty to the interests of the nation than any other organised section of the community.

Yet, however ill-founded such objections may seem, it would be idle to pretend that any Government can hope to carry compulsory service unless it is prepared to face all the implications of its appeal. The nation needs men for its defence because in the end wars are won not by machines alone but man-power. But if men are to accept the universal obligation to serve as the only fair and certain means of giving to the nation that strength without which it may perish, they are entitled to know that its industrial resources will be harnessed effectively to provide them with machines and equipment not inferior in quality or numbers to those of any possible enemy. If they are to sacrifice some of their liberty and perhaps stake their lives, they must be

FRANCE AND FREEDOM

satisfied that those who remain in the armaments industries, whether employers or labour, will not be allowed to exploit the nation's necessities for unreasonable private gain. If they are to serve the nation, that service must never be used to restrict the civil liberties of any section of the community. Finally, if by its voluntary act the nation is to take a step that may be expected above all others to raise the moral authority of Great Britain in the world, to strengthen all the forces of good and to discourage the powers of evil, it must know that that authority will not be left to rust. Englishmen are not likely to undervalue the incomparable blessings of peace, even if that theme had not become the *Leitmotiv* of our political oratory. But they have begun to ask themselves whether, in a world ruled by threats and blackmail, peace will not in the end become intolerable; and if they accept the obligation of service they will look for clear evidence in our policy that we too have rights and are prepared to defend them.

III. FRANCE AND FREEDOM

IT is a disheartening commentary on our political life that universal service in Great Britain should be freely and eagerly discussed in every country in Europe where liberal institutions survive, yet by tacit agreement of our own politicians and their parties be consigned here at home to the limbo of causes to which it is neither wise nor even decent to allude. Why does the citizen of Zurich or Geneva hope to see conscription in England? Because he knows that conscription has not diluted his freedom but has preserved it; because he is convinced that conscription in England would be a strong shield of peace and freedom in Europe.

If in France to-day our attitude towards military service meets not merely with a lack of comprehension but with active resentment, the reason is not far to seek. Frenchmen have not forgotten that in the last war France had one

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million casualties before the first division of Kitchener's army reached the front. They are not prepared to spill their blood again whilst we are training our army. In the words used recently by one of their own writers, they are asking themselves : " Even if we could succeed in letting ourselves be slaughtered imperturbably for long enough to allow our allies time to come to our help, would it not be better to spare France that dreadful holocaust ? " Until we face the implications of our commitments, we must expect to find that question being asked by an increasing number of Frenchmen, who value liberty as we do and for whom their alliance with England has been the keystone of French policy. What meaning, indeed, are they to attach to such phrases as " the vital interests of both nations " if we continue to impose limits on our own capacity to fight even for what we profess to think vital ? The persistence of such doubts and perplexities in France must end by weakening the alliance, and who knows but that the time may come when it is we who have most need of friends ?

There is happily reason to believe that public opinion in Great Britain has a surer grasp of the realities of the moment than the political parties and their leaders. When great newspapers both in London and in the provinces advocate compulsory service they are not crying in the wilderness at the whim of some eccentric proprietor. They are giving expression to views which they believe to be widely held and which they know will be furthered by their own adherence. The man-in-the-street, who reads them, sees no reason to suspect their motives or to reject their arguments, which are probably in line with his own instinctive judgment. For though he may know less, and will certainly talk less, of democracy than the politicians, he may come nearer to the truth in a crisis because he will tend to think more of what is right and less of what is feasible—and it is easier to believe that what is feasible is not feasible than to mistake wrong for right. So we see

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to-day in England a people that has more courage than its leaders and is more efficient than its political institutions, a people eager for whatever sacrifice may be needed to circumvent the perils of the hour, so soon as those leaders can summon the resolution to confirm its own reading of the facts.

THE BRITISH COMMONWEALTH AFTER MUNICH

I. SOLIDARITY OF PURPOSE

THE effect of the crisis of September 1938 on the relations between the different members of the British Commonwealth in foreign policy and defence was much the same as its effect upon their several national defence preparations. It provided a test under conditions that came close to the reality of war. It was a dress rehearsal with all the tenseness of an actual first night. And in each case the general result was the same: to prove strength in some directions and to find flaws in others, and to impel the people of the Commonwealth to repair the weak points before the strain should next have to be taken.

The chief element of strength that was revealed in British Commonwealth relations was the remarkable solidarity displayed among the several member States through the different phases of the crisis. At no moment could a potential enemy have been led honestly to believe in an imminent split in the Commonwealth. There were divisions of opinion in the Dominions, of course, just as there were in the United Kingdom itself. But among their leaders no important voice was raised against the British Government's initial policy of warning the world that France's involvement in central Europe would almost inevitably imply our own—the policy expressed in Mr. Chamberlain's speech of March 24 and Sir John Simon's speech of August 27. There was equal official acquiescence in the policy, manifested in the despatch of the Runciman mission, Mr. Chamberlain's journey to Berchtesgaden, and the recommendation of the Anglo-French plan to

SOLIDARITY OF PURPOSE

Czechoslovakia—the policy of seeking a peaceful solution by all possible means, as the alternative to war over an issue of tangled merits, in which none of the Dominions felt its own immediate interests to be involved.

Yet the citizens of the Dominions also shared fully with the people of the United Kingdom their sense of shame at having failed the hopes of a small nation, and their revulsion against the bullying Godesberg demands. The great majority of them were undoubtedly ready to bring their countries into a war arising out of the rejection of those demands. With one possible exception, in all the Dominions there was in the week ended September 28 a widespread acceptance of the inevitability of war, coupled with a grim determination to defeat at whatever sacrifice the forces of violence and dishonour. Finally, throughout the British Commonwealth there was heartfelt thankfulness at the summoning of the Munich Conference—an event generally regarded as a direct outcome of British resolution.

Subsequently there has been in the Dominions the same sense of disillusionment as in the United Kingdom. Dominion people were mystified by the failure to press home the tactical advantage that they believed had been gained by Herr Hitler's momentary retreat. They wondered why the British Ambassador in Berlin was not instructed to hold out for a frontier settlement far more favourable to Czechoslovakia than that which eventually emerged. It would have seemed to them preferable for Great Britain to have protested, even though irresistible German pressure made the protest ineffective, rather than to have acquiesced in unfairness simply for the sake of agreement. The people of the Dominions look for a resumption of strength and leadership by Great Britain in a world about whose dangers they now have few remaining illusions.

Nevertheless, the policy of appeasement, which Mr. Chamberlain represents and which he brought to what seemed to be its most triumphant moment at Munich, was the only possible policy on which the public opinion of the

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different nations of the Commonwealth could have been unified. It had already been unanimously approved in general terms at the Imperial Conference of 1937, and this particular test found it still to be a British Commonwealth policy in the full sense. To risk a more distant possibility of war, for the sake of a present chance that peace may be preserved, is to show a sense of values which is nowhere appreciated better than in the Dominions, anxious as they are to advance swiftly and peacefully towards their destinies as homes of freedom and material well-being.

II. DOMINION FOREIGN POLICIES

THIS solidarity of the Commonwealth in general outlook, however, cloaked certain defects in the working of its internal relations. If the United Kingdom's policy towards Europe can be accused of being vague and dilatory before the crisis, how much more vague and dilatory were the policies of the Dominions. In effect, they had no policy at all towards central and eastern Europe. One Dominion Government, that of New Zealand, had pledged itself in general but very rigorous terms to a policy that implied an automatic guarantee of Czechoslovakia's territorial integrity. But it is safe to say that when the time came no Government in the Commonwealth was more loath to plunge its people into war, nor was any Dominion more thankful to be allowed by the Munich settlement to turn again to the task of social and economic reconstruction to which it had set its hand. At the most, the policy of the other Dominions was one of "wait and see".

It may be argued that the Dominions needed no detailed foreign policy of their own towards Europe, being situated so far from that area and being too small seriously to affect its destinies. That may indeed be the conclusion to which the events of last September will lead some minds. It would imply that the Dominions must accept their European foreign policy from others, and confine themselves to

DOMINION FOREIGN POLICIES

problems and areas nearer home. But that is not compatible with the theory of their own status in the world that is held by the Dominions. They insist—and, as free nations, rightly insist—on deciding their own foreign policy and determining their own fate in so far as they physically can. It is impossible for them to have no foreign policy whatever towards Europe, where resides the greatest peril to the peace of the whole world. Either they accept their policy from someone else, or they have a positive policy of their own, or their policy is the negative one of isolationism. Now isolationism is possible only for two classes of countries: for those that are so strong as to be unassailable, and for those that are safe behind the shelter of some powerful State whose clients they are. It is doubtful whether any country in the world comes into the first category; certainly the Dominions could come nowhere but in the second. The rôle of client State is one that they hotly repudiate. But, if they are not to assume it willy-nilly, they must take up more zealously their responsibilities in foreign policy. A merely negative policy being impossible, their positive policy must be either borrowed or their own. The means of carrying out their policy is another matter; in all the circumstances, the most effective means is likely to remain for some time to come the influence that they can bring to bear on the policy of the United Kingdom.

Not only are the Dominions free responsible nations in the international community; they are also democracies in their internal structure. Not only, therefore, should they have a foreign policy, but their Governments should also declare their policy to the people, who are entitled to pass judgment upon it. One of the unsatisfactory developments in the course of the crisis was the failure of most of the Dominion Governments to enlighten their people even on the general nature of their own policy. Australian public opinion, for instance, remains very largely ignorant what advice Mr. Lyons gave to Mr. Chamberlain in the critical

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days. The example is typical of the Commonwealth countries. No doubt the fault lies partly with public opinion itself, which has hitherto been far more interested in local matters than in international politics and economics. But governmental leadership cannot go blameless.

A phrase that has been much on the lips of Dominion statesmen in the last twenty years, with regard to the choice between peace and war, and other major issues of foreign policy, is that "Parliament will decide". Yet everyone with any experience of international politics knows that when the time comes the decision will be right out of the hands of Parliament: it may even be out of the hands of the country itself, which may be forced to accept the consequences of its action or inaction on earlier occasions, or simply to follow the rut made for it by its own history and geography. It takes two to make a peace, but only one to make a war. Obviously, too, if the promise to turn the decision over to Parliament meant anything, it would undermine responsible government; it would destroy the executive power of democracy and would thus open the door to fascism. In external affairs, democratic Governments must be able to act as responsible spokesmen for their countries. It would be pleasant, no doubt, to live in a world in which procrastination and unpreparedness were no more dangerous in international affairs than they are in our private dealings. But that is not the world of to-day. No country can expect "peace with honour" if it forbids itself to have a foreign policy by tying its Government to parliamentary apron-strings. Disraeli, who brought back "peace with honour" from Berlin, could never have done so had he been obliged to consult Parliament at every turn, and been unable to threaten war in the name of his country. And yet those procrastinatory and deceptive phrases continue to be used in the Dominions, as if to consult Parliament in an emergency was a sound alternative to having a known policy endorsed by Parliament before the emergency arises.

THE TWILIGHT OF NATIONAL SAFETY

III. THE TWILIGHT OF NATIONAL SAFETY

THE reason for this attitude on the part of the Dominions is not any deliberate shirking of responsibilities, nor any conscious hypocrisy in refusing to be bound by the United Kingdom's policy while forbearing to tell her what is their own, thus leaving her to guess where she ought to be sure. It lies rather in an unconscious acceptance of the greatest legacy (after their internal freedom) that the Dominions have received from their imperial past—national safety. Their sense of safety governs their whole attitude towards foreign affairs and defence. For over a century, no foreign invader has crossed the shores or frontiers of any of the countries that are now Dominions. They grew to man's estate in a period when world order was effectively maintained by the power of the British navy. Even the war of 1914-18, though it enlisted practically every country in the world, was in effect a European and Near Eastern war, after von Spee's squadron had been destroyed at the battle of the Falkland Islands. After the war, the League of Nations sought to do for the world what the British navy had done for the Empire and the oceanic area since Trafalgar. With the breakdown of collective security the British navy, as much the most formidable force on the world's oceans, continued to preserve a fraction of world order on the old basis. In this last great crisis, people in countries like Australia, New Zealand, or South Africa felt secure, and therefore able to choose at their leisure their attitude towards a possible European outbreak, because the British navy still held command of the seas in which they lay, aided by its indispensable adjuncts, the air force and the army.

No one would suggest that this power position should be abandoned in order to teach the Dominions a lesson in responsibility. It will continue as long as Great Britain can preserve it, whatever may be its consequences in political immaturity among other members of the Commonwealth.

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But it is as well that the Dominions should realise the true position that they are in. The question is not one of the direct weakness of British sea power; for the potential hostility of Japan, replacing the old alliance, is probably matched by the immensely increased power of a friendly United States, hobbled though her policy is by popular isolationism. Provided that Germany continues to adhere to the Anglo-German naval treaty (a proviso which her recent actions have cast into doubt), and that France retains something near naval parity with Italy in the Mediterranean, a two-hemisphere standard of naval strength is still possible for Great Britain. It is possible in this sense, that although at the beginning of a world war her main naval forces might have to be concentrated in European waters she could eventually deploy sufficient force to hold the naval front, extending from Malaya to New Zealand, of which Singapore is the heart.

On the other hand, to-day, through the rise of air power, through the relative weakness of France, and through the immense concentration of strength in an expanded National Socialist Germany, Great Britain is far more vulnerable in Europe than she has ever been in the past, certainly since the Napoleonic wars. If she were defeated at home, her supremacy at sea would be of no avail. It would have to be resigned with the terms of peace, which would certainly deprive her of some of those strong points, like Gibraltar, the Suez Canal, Singapore, on which her naval supremacy depends. In such circumstances the Dominions and India, undefeated as they might be individually, would be obliged to accept the terms of their future national existence at the dictation of the victors. Their local defences would likewise avail them nothing. The batteries on Sydney Heads or around Capetown harbour are invaluable for an emergency; but they can neither win a war against a great Power nor save such a war from being lost.

A COMMON SCALE OF VALUES

IV. A COMMON SCALE OF VALUES

NO doubt the realisation that a world war lost by Great Britain would be a world war lost by themselves was at the back of the minds of the Dominion Governments and people when they girded up their loins in the last weeks of September. They were also stirred, it is obvious, by emotional reactions. Whatever their local national interests may be, most of the citizens of the Dominions feel in varying degrees an emotional attachment to Great Britain, some through loyalty to the throne, some through the call of blood, some through belief in the ideals and institutions for which Great Britain stands. But it is as well to remember that roughly half the people of Canada, and the majority of the people of South Africa, have no ties of ancestry with Great Britain, and that even among those of British stock this factor is likely to diminish in force as the generations pass.

Even more important than positive emotional attachment to Great Britain, which must vary so greatly in intensity, is a negative repulsion from those who were on this occasion her potential enemies. No substantial group of people in any part of the British Commonwealth looks upon the philosophy and behaviour of the National Socialist state with anything but disgust. There has not been the same intensity of feeling towards the Italian fascist régime, partly because of its relative moderation in brutality, partly because of the bond between the Roman Catholics of the Empire and any country of the same faith, partly no doubt because Italy is so much less powerful than Germany. But the belief that in the final crisis of September last, which so nearly brought us to war, the forces of evil were ranged against the forces of good was firmly embedded in the minds of the great majority of citizens of the British Commonwealth throughout the world. If they disputed over the issues that led up to the crisis, and if they were mystified and disheartened by what happened afterwards, that was because they could not see

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the issues in terms of clear-cut principles, but merely in terms of confusing details about which they had little or no knowledge and on which they were given no emphatic lead by their Governments. The citizen of the Dominions has a strong sense of ultimate values in international affairs, but without leadership he does not always know how to apply it. The same is equally true of the citizen of the United Kingdom.

The first thing that is needed for the strengthening of British Commonwealth relations in the future is the working out of a common scale of values in foreign policy. To elaborate a common scale of values is to establish common principles of foreign policy, indeed to establish a common foreign policy in the only sense in which that is possible within an association of completely self-governing States. In the years after the late war, the solvent common principle was found in support for the League of Nations and collective security. From 1931 onwards, however, this principle, in so far as it remained real at all, conflicted too sharply with the hatred of war to be of effect in practice, except during the period between the imposition of sanctions against Italy and the promulgation of the Hoare-Laval plan. No substitute was found to take its place. The result was that, when the crisis came over Czechoslovakia, only in the white heat of an imminent threat of world war was a sufficient principle restored.

An Imperial Conference is urgently required to re-state the principles of foreign policy that we all accept, in the form of a scale of values in world affairs; and to decide, moreover, how that scale is to be applied in the circumstances of the day. Indeed a succession of Imperial Conferences is needed to re-apply and re-define the basic principles in the light of changing events. If, in this process, the Imperial Conference were gradually to take on a new character, such a metamorphosis would be but typical of the evolutionary and experimental development of the British Commonwealth.

A COMMON DANGER

V. A COMMON DANGER

IT is also necessary, in the name of realism and sound dealing, that the true position of the Dominions and India in a dangerous world should be frankly recognised, and should be allowed to have its full consequences in their foreign and defence policies. If a defeated Great Britain means a defeated Dominion—as it does for every one of their number except perhaps Canada, who has an alternative patron in the United States—then two things must follow for Dominion policy. Each one of them lives in a world as dangerous as the world is for Great Britain herself. Therefore, in the first place, a Dominion is materially under-armed if its defence programme is not on a scale commensurate on the one hand with its comparative capacity to provide the means of defence, on the other with dangers so great that they have caused Great Britain to spend on defence something like one-tenth of her total national income, public and private together. And a Dominion is morally under-armed if its people have not realised that in a world war there is no such thing as limited liability, but that every effort of which the nation is capable must be exerted to defeat the enemy.

In the second place, since the danger is a common one, the effort to meet and avert it must be a co-operative effort. That is to say, the defence policies of the Dominions and India can best serve those countries themselves if they are fitted into a co-operative scheme of British Commonwealth defence, linked in turn to the defence systems of potential foreign allies. There is a feeling in the Dominions that such co-ordination detracts from their own local defences, on which they would like to concentrate, and that it injures their national independence. What they do not as a rule fully realise is that their local defences are of service only because the greater part of the strain has already been taken by extra-territorial defences to which they may or may not contribute. For a Dominion to accept a position of

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reliance on those extra-territorial defences without contributing to them to the best of its capacity is actually to resign independence and to become, not a partner, but a protégé.

The nations of the Commonwealth face a common danger. The danger may perhaps force itself on them through an issue like that of colonies in which the greater number of them, as separate nations, are directly and vitally interested. More probably the test will come over some issue akin to that of Czechoslovakia. The common danger, in any case, is neither more nor less than the overthrow of that system of oceanic power which preserved world peace for a hundred years, which won the victory in the war of 1914-18, which enabled the League of Nations to be established and could alone have made it a successful preserver of peace, that system which above all has assured to the Dominions and India their peaceful and progressive existence while the continents of Europe and Asia and of South and Central America have been racked by wars. Combine this common danger with the common scale of values to which all the nations of the Commonwealth subscribe, and we have both the warp and the weft of common principle and action in foreign policy and defence.

VI. BRITISH GUARANTEES AND THE FUTURE

WITHIN this fabric the Dominions themselves, like the United Kingdom herself, and eventually India when she gains full control of her external as well as internal affairs, will have their own national foreign policies and defence policies. Community of principle does not necessarily imply uniformity of details. Every self-governing nation must have its own policies, built up from its own national interests, its internal structure, its geographical position, its material capacity. Unless national policies are built on recognised national interests an international system of co-ordination among them will be

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discredited and must fail. The United Kingdom cannot forego her right to have her own foreign policy, within the framework of principle accepted by the whole Commonwealth; nor, therefore, can she expect the Dominions to renounce a similar right. The objective is so to combine those policies that together they form a fit instrument to meet a danger shared by all, when disunity and indecisiveness may be the most fatal kinds of weakness. The issue is one of common sense, not of constitutional theory, since constitutionally the Dominions and the United Kingdom are recognised to be entirely equal in status. Eventually—perhaps much sooner than many people believe—the establishment of real federal institutions will have to be considered, as the only means of reconciling Dominion freedom with international necessities.

In the meantime, the main difficulty arises over those details of national foreign policy which hold out the possibility of leading to war. Of these the prime examples are the European and Near Eastern commitments of the United Kingdom. Although no Dominion was ready to endorse with its own guarantee either the Locarno pact or the pledges to Belgium and France that replaced it, the fact that an attack on France or the Low Countries means an attack on the United Kingdom is universally recognised in the Commonwealth. There is thus no reason to believe that a war into which Great Britain was drawn by these commitments would be any less promptly or wholeheartedly accepted by the Dominions as their own liability than a war originating in an attack on Great Britain herself. Probably the same is true of British guarantees to Egypt, Iraq and Portugal, since any assault by a great Power upon the integrity of these countries could only be a deliberate provocation of world war, a deliberate challenge to the whole oceanic power system.

These two classes of commitments have hitherto been the only direct and automatic guarantees given by the United Kingdom outside the countries and protectorates of the

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Empire and the British mandated territories. But one by-product of the September crisis was the United Kingdom's promise of a guarantee to the new Czechoslovakia, under certain conditions. This was a remarkable innovation in policy. If the promise becomes effective, for the first time in her history Great Britain will have guaranteed an inland Power. Without access by sea, her predominantly naval power is unavailable to defend a guaranteed State. She can implement her guarantee only by turning a local affray into a world war. This, then, is the meaning of the promised guarantee to Czechoslovakia, taken literally: if that country, with its complete lack of naturally defensible frontiers and its many jealous neighbours, were ever invaded, then Great Britain would be obliged to precipitate a world war.

Is this a situation which is likely to be acceptable to the Dominions and India? If they would not endorse with their own guarantees the Locarno commitments, intimately related as these obviously were to Great Britain's local security, there is plainly no chance of their pledging themselves to the defence of a State of doubtful coherence and durability in the centre of Europe. On the contrary, the experience of the crisis itself suggests that they might object strongly to being drawn into a world war over a central European issue of debatable merits; for there would certainly have been no unanimity of public opinion in the Commonwealth on a decision to fight for Czechoslovakia "right or wrong" last September. If, therefore, the proposed guarantee is to be nothing more than a military undertaking to a privileged national State, it may cause the gravest difficulties in British Commonwealth relations.

Whether it can become something more than that depends on British policy. To precipitate a world war over a local issue is defensible only if that local issue is universally accepted as symbolic of something much greater—in this case, if the integrity of Czechoslovakia is accepted as

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symbolic of the whole peace system after Munich. It cannot become so without a more constructive policy on the part of the United Kingdom Government, in starting to build up, from the nucleus of this internationally guaranteed neutral State, a fresh system of law and order in European affairs.

Not even a start can be effectively made in this direction until the balance of power has been redressed in favour of the Anglo-French combination, through the intensified efforts of its own members and through the association of other powerful countries with them. It is merely reckless to threaten world war over a local issue in some distant zone unless the threat itself is virtually certain to prevent the war. That is to say, there must be no two opinions about the probable victors of any war thus provoked. Until Great Britain and France are in this position, undertakings like the promised Czechoslovakian guarantee are dangerous to them and to the British Commonwealth; for they might thus be confronted with the choice between abandoning their pledges and engaging in a general war in which they might be defeated or which they would need years of terrible struggle to win. The relative weakness of Great Britain holds therefore grave risks, not only for herself but also for the British Commonwealth as a co-operative organisation. Her relative weakness is not indeed so great as many people fear. It is mainly a question of certain specific defects which can be remedied by energy, organisation and readiness for sacrifice. But to remedy them is the first charge on her citizens, just as the improvement of their own defensive systems is a first charge on the citizens of the Dominions, if from the wreckage of the pre-Munich world we are to gain any security, any peace, any sound development for British Commonwealth relations.

PALESTINE: THE WIDER HOPE

This article comprises four sections, the last of which discusses certain proposals on which THE ROUND TABLE believes might be founded a constructive, durable and friendly solution of the Palestine problem. This is preceded by an account of recent events in Palestine, and by contributions from two standpoints that have not always been given full recognition, namely, the standpoint of the Jews who do not believe in political Zionism, and that of the neighbouring Arab or partly Arab States.—*Editor.*

I. THE ARAB REVOLT

By a Correspondent in Palestine

PRACTICALLY three years ago, the violent Arab demonstrations against Zionism that had punctuated the previous sixteen years of British rule developed into a determined revolt against the authority of the mandatory Power. This resort to force by the Arabs, who felt that their more peaceful protests were not winning attention, was so far successful that the whole Palestine question has been reopened for fresh discussion on a wider basis than ever before.

Meanwhile His Majesty's Government has had to employ strong military measures in order to restore some degree of order. These military operations are still going on. Although there are daily reports of murder and sabotage, armed encounters and military searches, the picture has vastly changed since October last. Five months ago, the authority of Government was being openly flouted, and the Arabs paid more respect to the orders of the rebel command than to those of the constituted authority. Heavy military concentrations alone preserved a semblance of order in

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the northern and central parts of the country, while the Jerusalem and southern districts were entirely out of hand. Armed gangs were lodged in all the main cities, and rebel bands openly dominated the smaller centres. Communications were everywhere interrupted by bold attacks and by sabotage. The climax was reached when a group of rebels occupied the Old City of Jerusalem, and tried to barricade it against the British authorities. The High Commissioner, lately returned from consultations in London, invoked his powers under the emergency regulations to authorise the General Officer Commanding, General Haining, to appoint military commanders in place of the civil district commissioners, and place the country under military control. With the extra troops put at his disposal, General Haining was soon able to assume the offensive.

The urban terrorist gangs were driven out, large concentrations of rebels were attacked and broken up, the villages where they had made their strongholds were brought under control, communications were restored and carefully guarded, and abandoned police posts were re-opened. When the rebels sought by means of a transport strike to nullify a military regulation requiring every traveller to be in possession of an identity card and a permit to travel, and all drivers of motor vehicles to have a special permit, the new power of the Government was displayed in breaking the strike and successfully compelling obedience to the regulations. The people began to realise, what for long they had doubted, that the Government had the will and the power to enforce compliance with its orders.

Nevertheless, the Government has yet to complete the slow process of re-establishing civil control amongst a people habituated to disobedience by three years of rebellion, and still distrustful of the intentions of the mandatory Power. Small bands still manage to operate, despite ceaseless searches. Some of these terrorists are inspired by motives of personal gain rather than national

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enthusiasm. Others represent factions which believe that the Arab cause is best served by continued violence, either because they fear that a truce would be taken as a sign of weakness, or because they are so little confident of good results from the London conferences that they would gladly compromise the discussions. The distinctive features of the latest phase are the revival of urban terrorism, and the frequent murders of Arabs arising from party strife amongst the Arabs themselves.

The comparative speed with which the military were able to restore the authority of the Government suggests to many people that the significance of the Arab revolt has been overrated. It is argued that the revolt was cleverly engineered by a few interested people, with foreign support and contrary to the wishes and interest of the bulk of the Arabs. Yet, although stern measures at the onset would undoubtedly have quelled the armed revolt much sooner, it does not follow that the Arabs would have been content with the policy of the mandatory Power or that trouble would not have broken out again in a short time.

Early in January, the War Office estimated that the Arabs permanently under arms did not at that time exceed fifteen hundred, and had probably never been more than eight thousand. But the rebels could count upon the temporary aid of thousands of armed villagers, who swelled their ranks for special engagements. An experienced government officer declares that all the Arabs were in the revolt, some as fighters, others as contributors of information or money, and the rest as sympathisers. The terrorist methods to which "spies", British-sympathisers and reluctant contributors were subjected would not have been possible had not the vast majority of the people thought that they were needed to further the common national cause. The sacrifice in lives, property and loss of business suffered by the Arabs would have been acceptable only to a people inspired by some widespread and deeply rooted determination.

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The part played by non-Palestinian elements in the fighting ranks, and by foreign anti-British propaganda, has often been grossly exaggerated. Few foreigners, even foreign Arabs, have actually been found among the many rebels captured or killed. Foreign propaganda fanned the flames but it did not kindle the fire. Foreign money has doubtless aided the rebels in securing arms and paying warriors (though this has never been proved), but it only supplemented large funds known to have been amassed in Palestine, by clever thefts and by contributions both voluntary and forced.

The Arab rebellion in Palestine, then, was the result of a national self-consciousness, awakened amongst all Arabs in the past thirty years, and intensified in Palestine by the belief that Zionism prevented their enjoying that national independence which Egypt, Saudi Arabia, 'Iraq, Syria and the Lebanon had already won or were soon to enjoy.

The two peoples, Arabs and Jews, are to-day sundered by a deep chasm, increased by the thirty-three months' struggle. Suspicion quickly flames up into hatred. Arabs and Jews resolutely boycott each others' shops and quarters. The self-sufficiency of the respective communities has been intensified at the cost of a natural and even necessary inter-dependence. There may be moderates on both sides, but when it comes to such critical matters as Jewish immigration there are no moderates at all, amongst either Jews or Arabs, except on minor points. And whatever moderate opinion exists is effectively silenced and discredited by the extremists.

The Jewish community in Palestine has been beset within and without during these harrowing years. Murderous attacks upon Jews have made hundreds of thousands go to their daily work in constant fear. Years of labour and much capital investment have been destroyed in uprooted groves and vineyards, burned buildings and sabotaged communications. Meanwhile, the curtailment of immigration has

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accentuated the economic decline that had already set in before the Arab revolt began. While these local difficulties have served to bind the Jews more firmly together, and toughened their resistance, other problems have arisen. The Peel Commission dealt a severe blow to Zionist aspirations when it declared the mandate unworkable, and suggested limiting Jewish endeavour to a part of the country. The proposal to erect an independent though small Jewish State was a consolation to many Jews, until even that was killed by the Woodhead Commission's report. Meanwhile the importance of Palestine to the Jews had been intensified by the liquidation of the Austrian and German Jewish communities and the spread of anti-Semitism elsewhere. The bitterest blow in Jewish eyes was the way in which Great Britain seemed intent on separating Palestine from the refugee problem.

The Arab protest began with a demand for the stoppage of the increasing tide of Jewish immigration and of land sales, with national independence as a secondary and more remote question. As distrust of Great Britain has grown, however, and Arab national consciousness has been quickened by the long struggle, the Arabs have come more and more to stress the abolition of the mandate and the erection of an independent Arab State. Towards the Palestine Government the present attitude of the Arabs is one of deep-seated distrust, only tempered among individuals by respect for British people whom they know personally. The rejection of partition by the Woodhead Commission, followed by the invitation extended to neighbouring Arab States to join with the freely chosen representatives from Palestine in the London discussions, somewhat eased the immediate situation, but confidence has not yet been restored. The Palestinian Arabs feel that they will have the support of the rest of the Arab world in demanding the national independence for which they feel ready, especially after the experience of national unity gained in the past three years' rebellion. So far there has been little

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practical interest in the various proposals for solving Palestine's problem by reuniting the country with the Syrian States to the north; for the Arabs fear that in the minds of those who suggest it this is contingent upon a continuance of Jewish immigration into Palestine. The Palestine Arabs wish to kill political Zionism first, secure their own independence and then consider how they will tie up with other States.

The Arabs' demand for an independent State may not be practical politics, as many Arabs would be inclined to agree. But from the Arab viewpoint there are three things that cannot be surrendered: the radical reduction of Jewish immigration, the practical stoppage of land sales to Jews, and the hope that eventually if not immediately an Arab State will be set up in Palestine. The party struggle that has gone on between the Husseini and the Nashashibi factions, the so-called extremists and moderates, is based on internal questions and matters of tactics, and does not affect these basic issues, upon which all Palestinian Arabs think alike.

II. A NON-ZIONIST JEWISH STANDPOINT

By a Member of British Jewry

IN a sense, all Jews are Zionists; for there are not many Jews conscious of their Judaism who are not sympathetically interested in the welfare of Palestine and of its Jewish inhabitants. But the greater Zionism covers a multitude of variations, and of the Jews of the West—of western Europe, America and the Dominions—a very large number, probably the majority, while Zionists in the larger sense, are opposed to any conception of Judaism or Zionism as a political ideal. To them, Judaism is essentially a religion and a Jew a member of a religious community; politically, Jews are citizens of the British Empire, the United States of America, France or whatever country it may be, and nothing else. Jews settled in Palestine, who have acquired

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Palestinian citizenship, are Palestinian citizens, different from their fellow Palestinians only in that they hold the Jewish faith or are members of the Jewish community, while their fellow citizens are members of another sect or community. In the view of those western Jews who are non-political Zionists, the status of the Jews of Palestine should remain as at present, that of members of the Jewish community and at the same time citizens of the Palestine State.

The Balfour Declaration was not looked upon with great enthusiasm by the leaders of western Jewry. They feared that it would bring Judaism into the political arena and would endanger the position of Jews in those countries in which a Jewish question had already arisen or threatened to arise. For the past century, they and their fathers had striven consistently for the political and civil emancipation of the Jews in the different countries in which they lived. In the East, the battle had not yet been won, but in more than one country the dawn seemed in sight. If the political Jew were created in Palestine they feared that his replica would appear elsewhere, and that the new status would manifest itself in disabilities, not in rights. The leaders of western Jewry also realised that there was a non-Jewish population in Palestine whose position must be unfavourably affected by the emergence of a Jewish State. Anxious, as they were, to remove the disabilities of a minority from the Jews of Europe, they did not wish to impose similar disabilities on the Arabs of Palestine.

In the event, the Balfour Declaration contained two provisions, safeguarding, as far as they could, the rights of the non-Jewish population of Palestine, and the rights and political status of the Jews of the Diaspora. Moreover, the Balfour Declaration said nothing about the creation of a Jewish State, not even of "the reconstitution of Palestine as the National Home of the Jewish people", as the Zionists wanted. It promised that Great Britain would seek "the establishment in Palestine of a National Home for the

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Jewish people". The western Jewish leaders accepted the Balfour Declaration but emphasised that it neither connoted the creation of a Jewish political State nor imposed any religious or racial disability on anyone.

The end of the war brought a great outburst of nationalism from which the Jews were not immune. In Germany, France, Italy, Jews were among the most emphatic of the nationalists. Further east and south-east, where the Jews had hitherto enjoyed practically no political rights, and where the new nationalism had as a rule a definitely anti-Jewish tinge, their nationalism took a different form. Since they were not permitted to be Polish or Roumanian nationalists, they became Jewish nationalists. If their own country made them step-children, they sought a mother in Palestine. This movement was assisted by another phenomenon in post-war eastern Europe. Religion had to a large extent lost its hold on the generation that grew to manhood with the close of the war. Previously, to be a member of the religious community was sufficient for most Jews. But the new generation, which found nothing to satisfy it in the religious community and was excluded from the political and public life of its country, turned towards the new Jewish nationalism. Economic conditions that left the Jew no hope in his own home drove him to find a new one, and he determined to do so as a Jew, not as a Lithuanian or a Latvian. Against this development, which carried with it many Jews of countries outside eastern Europe, leaders of the Jews of England and the other western States stood firm.

The question of Palestine and the Jewish National Home has now reached the stage at which a new line of development must be pointed out. While it is recognised that the system under which the government of Palestine has been attempted during the past nineteen years has broken down, the Peel Commission's scheme for the creation of a Jewish political State in part of Palestine has been declared impracticable by the Woodhead Commission. All are agreed

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that a new system must be evolved. Western Jewry, as represented by the most prominent English and American Jews, wants a system that will give the Jewish population of Palestine, which is almost a third of the total population, complete political and civil security and self-government in matters that concern itself alone. They want Palestine to be open to further Jewish immigration so far as the country can absorb an additional population without endangering the standard of living of its present inhabitants. They have no desire that the position of the Arabs of Palestine should be affected unfavourably. They believe that the welfare of the whole will be benefited by the welfare of the parts, that a prosperous Jewish community in Palestine will bring prosperity also to the Arab community, and that together they will form a prosperous Palestinian people. They foresee, not a Jewish nation nor an Arab nation in Palestine, but a Palestinian nation in which will be comprised a Jewish national home and also an Arab national home.

National homes in this sense are not an unpractical dream. Under the old Ottoman system, the religious communities were organised in *millets*. Only the Moslems, the great majority of the population, the members of the state religion, did not form a *millet*. They were in the superior position, with advantages over the other communities. The mandatory Power partially adopted this system in its communities ordinance, but applied it, of course, to the Moslems as well as the other communities. These communities are not altogether religious as they were under the Ottoman system. Anybody who considers himself a Jew, whatever may be his religious opinions, can be a member of the Jewish community, and any Jew may opt out of membership of that community. In these *millets* or communities the members have complete self-government, subject to their own laws administered by their own lawyers in such matters as religious education and personal status. There are other spheres in which it is

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possible so to organise the communities that no non-Jew is under the jurisdiction of a Jew, and no Jew under that of a non-Jew. Obvious instances are those of social and labour legislation or civil litigation between Jew and Jew, or Moslem and Moslem, or Christian and Christian. The communities in Palestine are so distributed geographically that with few exceptions the Jews are to be found in all-Jewish towns and villages or in the all-Jewish quarters of mixed towns. The Moslems, and even the Christians of the different communities, are similarly segregated. A large extension of municipal independence, the absence of which has long been a Jewish grievance, is therefore quite practicable without creating a grievance on the part of any community. It is true that, with the removal or diminution of the control of the central Government, efficiency and economy would suffer, but this is a part of the price that has to be paid for self-government. Continuous municipal districts inhabited by members of the same community could be linked together, even combined, and thus Jewish counties or cantons—not one canton for the whole community—formed. Such a system of communal and municipal autonomy would go far to constitute the Jewish National Home as envisaged in the Balfour Declaration. Reserved powers, such as customs, communications, police, criminal justice, would have to remain with the central Government, to be ultimately taken over by the people of Palestine as a whole.

The subject of immigration is a more difficult one. It is complicated, not only by the normal desire of Jews to settle in Palestine and that of the Zionist Organisation to form as large a Jewish population as is possible there, but also, during the past few years, by the violent and cruel pressure exerted by certain Governments to force the Jews out of their dominions. On the other hand, it is generally recognised by all students of Palestine who are not carried away by their enthusiasm that the capacity of the country to absorb immigrants in even the most favourable

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circumstances is limited, and many feel that the immigration of the past few years was larger than was healthy. There are few who will gainsay that in a period of ten or fifteen years the attainment of a Jewish majority is impossible. The Arabs, for their part, wish to be secured against the risk of Jewish domination that a Jewish majority would certainly carry with it. Accepting all these conclusions, it should not be impossible to satisfy both reasonable Jews and reasonable Arabs. The present Jewish population is less than thirty per cent. of the total population of Palestine. Its natural increase is at a rate considerably lower than that of the Arabs. If, over a period of years, the Jewish population was permitted to rise to forty per cent.—always subject to the economic capacity of the country to absorb immigrants—there could be a not inappreciable annual addition to the Jewish population.*

It will be asked, what would happen at the end of that period. The statesmanlike answer is, perhaps, "Wait and see". After some years of appeasement, immigration may no longer be a question that will divide the communities. By then there may be some system of federation among the States of western Asia, and in that case even a fifty-five per cent. Jewish population in Palestine itself could not by any stretch of the imagination be considered a danger to the Arab population of the larger State. Although the new Jewish population would undoubtedly also spread outside Palestine, it would never become a majority of the population of the great Arab federation, while continuing to stand out as the main beneficent influence by which the prosperity of Palestine for Jews and Arabs alike can be maintained and furthered.

* On the basis of the figures of population (1938) and rates of natural increase (1937) cited in the Woodhead Commission's report, an increase of the Jewish proportion to 40 per cent. of the total population in ten years would allow an annual immigration of 34,000. If the ratio to be attained were $37\frac{1}{2}$ per cent., the permissible immigration would be 27,000 per annum. Any concurrent Arab immigration would, of course, increase these figures.—*Editor.*

STANDPOINT OF THE NEIGHBOURING STATES

III. THE STANDPOINT OF THE NEIGHBOURING STATES

By a Resident in Cairo

IT is not impossible to find, in the utterances of leaders of Islam and of Jewry, a basis of common hope from which to build up, between Jews and Arabs, an agreed solution of the Palestine problem.

We are certain to interpret the unanimous wishes of this Assembly in addressing to the Arabs and to the Jews an earnest appeal for calm and tranquillity. . . . Both are descendants of Abraham, "the Friend of God", and they have lived for long centuries side by side in perfect understanding and friendship. May they make of Palestine a land of choice where shall flourish the peace that was there promised to men of goodwill. And may some future historian say of independent Palestine what Renan said of Andalusia in the 10th century: "The taste of science and of beauty had set up in this privileged corner of the world a tolerance of which modern times can hardly give an example. Christians, Jews and Moslems spoke the same language, sang the same poems, took part in the same literary and scientific studies".

This was the aspiration expressed by the Egyptian delegate, H. E. Wacyf Boutros-Ghali Pasha, Minister of Foreign Affairs of the Egyptian Government, at the Assembly of the League of Nations, in September 1937.

I thought that the old tradition of co-operation between Jews and Arabs, which gave a great deal to Europe and enabled their peoples to transmit to Europe in the Dark Ages treasures of science, of art and philosophy: I had hoped that this old tradition of co-operation might still prevail, and help us in finding a way out. So far we have not succeeded, but I confess that I have not given up hope.

Dr. Chaim Weizmann used those words before the Palestine Royal Commission at Jerusalem on November 25, 1936. Yet in Palestine itself a murderous struggle is being waged over the country's political future.

The Balfour Declaration and the mandate are considered by the Palestine Arabs to stand in the way of their aspirations and to be contrary to the promises made when British statesmen were fostering the Arab revolt during the great

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war. At the Congress of Arab and Muslim Countries for the Defence of Palestine, held in Cairo in October last, the following resolutions, among others, were passed:

(1) That the Balfour Declaration is null and void *ab initio* and that it has no value whatsoever in the eyes of the Arabs and Muslims.

(2) That it is essential that henceforth Jewish immigration into Palestine be definitely prohibited.

Too much importance, however, should not be given to these resolutions, which represent the views of a party conference. They must necessarily be moderated down when the Arab partisans are confronted with the arguments of the other parties to the dispute. On the other hand, they must not be underrated, and they give the measure of the difficulties that seem to block a peaceful solution. In the last words of his book, *The Arab Awakening*, Mr. George Antonius, a member of the Palestine Arab delegation, sums up the Arab case in this trenchant phrase: "No room can be made in Palestine for a second nation except by dislodging or exterminating the nation in possession".

That Jewry will accept the extreme Arab demands is unthinkable. Moreover, it is in the highest degree unlikely that the British Government will accept the tearing up of the Balfour Declaration and the termination of the mandate. This is recognised by leading Arabs, more especially those who come from beyond Palestine itself. It is to be hoped that the conciliatory efforts of the representatives of the neighbouring States will break the deadlock.

The status of 'Iraq as a modern independent and sovereign State is of very recent date. 'Iraq does not yet represent a stable and flourishing political community, but is still torn with dissension and internal difficulties. Its statesmen must speak with an eye on the extreme nature of opinion at home. But they should not be forgetful of the favour with which the late King Feisal regarded the Zionist ideal.

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The kingdom of Ibn Saud knows the contribution of the Palestine Arabs to the Arab revolt and the place of their leadership in the Arab movement. Arabia stands as a chivalrous champion of the Arab cause, but with a sense of realities concerning both the pledges given to the Jews and the embarrassment of Great Britain in the present *impasse*.

Trans-Jordan can give help in diminishing the pressure of Jewish immigration into Palestine. The intensive penetration of Palestine, which arouses the Arabs' fear that they will be overwhelmed and driven off the land, is a paramount factor in the whole situation. If bridges are to be built between Arabs and Jews, it is just that they should be built over the Jordan; for the Jordan is the boundary between scarcity and plenty. Beyond what is really only a small stream is potentially fertile land, of an area larger than Palestine, enough for all the needs of Arabs and Jews, and, what is more, part of Biblical Palestine. Its ruler, the Emir Abdullah, brother of the late King Feisal, is believed to favour Jewish immigration.

Egypt has become intimately associated with the Palestine discussions only in the past few months. She has throughout behaved with great dignity and restraint. She has never concealed her Islamic sympathies, her concern for the unrest in Palestine, her interest in the grievances of the Palestine Arabs. Cairo has recently become a centre for the expression and organisation of the Arab case. Egypt approaches the Palestine problem with the history of its own struggle, ended by friendly settlement, still fresh in its mind. The Anglo-Egyptian treaty of 1936, a treaty of alliance and goodwill, marked the definitive solution of a problem that brought the claims of nationalism into conflict with other vital interests, and aroused revolt and terrorism. Over fifty years were spent in the attempt to solve the problem of Anglo-Egyptian relations: every conceivable solution was discussed during this long period, and the settlement was reached only by stages. The Anglo-Egyptian

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treaty is full of concessions and compromises by either side upon matters of principle which each had for years proclaimed to be inviolable. The treaty is now a fundamental part of Egyptian policy. It is of good omen that Egypt is engaged as a neighbouring State, an ally of England, in attempting to solve the problem of Palestine.

All the neighbouring States, of which Egypt is by far the most considerable and important, have received direct aid from Great Britain, and their independence is in a large degree her creation. All are bound to her in close ties of alliance or at least goodwill. They are likely to show a general desire to remove Great Britain's embarrassment in Palestine by means of a grudging recognition of her pledges to Jewry, coupled with a determination to interpret the latter in a manner not inconsistent with Arab aspirations. Although there will undoubtedly be a frontal attack on the Balfour Declaration and the mandate, this is unlikely to be pressed very far in face of the Mediterranean situation. There may well be agreement that the denunciation of the Balfour Declaration and the mandate is not practicable at the moment, and that this question should be adjourned *sine die*.

The Arabs, however, require some definite action that will appease their fears of Jewish domination in Palestine. The Palestine Arabs demand the immediate stoppage of Jewish immigration, and on this point there is likely to be considerable pressure in their favour from the neighbouring States. To this Jewry will not agree. There is, moreover, a good deal of sympathy in the neighbouring States with Lord Samuel's proposal that there should be a truce over a number of years during which Jewish immigration should be restricted in such a way as to ensure that at the end of the period the Jews would still be in a minority in Palestine. It is not impossible to envisage a temporary compromise under which Jewish immigration would cease as soon as the Jews numbered 60 per cent. of the Arab population.

It is regrettable that the sense of betrayal dominates the

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whole Arab case. But for this, there is little doubt that Zionist ambitions in Palestine would have been encouraged by the Arabs,* and it may well be that an effort, even now, to revert to the original plan may provide the key to the solution of the problem.

During any period of restricted Jewish immigration that may be agreed upon, the idea of an Arab confederation, including Arabia, 'Iraq, Syria, the Lebanon, Trans-Jordan and Palestine, or at least the last four, should be explored. It would be a major contribution towards the solution of the whole problem if the British Government could make a declaration that Great Britain and France viewed with sympathy the creation of an Arab confederation and that they would use their influence to bring it about, subject to the special interests of France in Syria and British commitments in Palestine under the Balfour Declaration and the mandate, and to the Jewish rights thereunder. This would provide a stimulus for Arab nationalism in Palestine and the neighbouring States, sufficient to compensate for concessions regarding Jewish immigration. It would constitute a reversion to the original ideas upon which was based the Feisal-Weizmann agreement of 1919.

It has often been stated that if satisfaction were given to the Palestine Arabs the neighbouring States would make helpful contributions towards meeting the Jewish need for immigration.

The creation of a Jewish colony in Trans-Jordan under guarantees acceptable to her and to Jewry is practicable. If the Jews were assured of the possibility of large-scale immigration into Trans-Jordan, it might go a long way to compensate them for the acceptance of the minority principle in Palestine during the interim period. It is possible that in the same way Syria and 'Iraq might contribute towards the solution of the Jewish problem. The example of the contribution made by the Jews to the prosperity of Palestine is clearly visible to the neighbouring

* See the Peel Commission's report, Cmd. 5479, pp. 16-28.

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States, and Jewish immigration supplies the key to the needs of some of them.

Meanwhile, some beginnings should be made towards representative government in Palestine. In the special circumstances there will be need of adequate constitutional checks. A legislative assembly should be set up with proportional representation of Arabs and Jews, but with very special safeguards and reserved subjects in order to ensure that one section of the population does not dominate the other. Mixed courts might be arranged as in Egypt, with autonomy for each community in all matters of personal status. The civil service should be reorganised on the previous Egyptian basis, with the British as advisers and in key positions. Government should be organised in such a way as to cultivate in the various sections of the population some realisation of the interests of Palestine as a whole.

IV. A FEDERAL SOLUTION

(Editorial)

THE most prominent feature of the Peel Commission's report, presented in July 1937, was not the partition proposal, nor any other recommendation, positive or negative. It was the warning—urgently repeated on every other page of that unusually able and far-seeing state paper—that the most fatal thing in Palestine would be to continue to postpone the day of decision. Time, the Commission tried to impress upon the Government, was working against the possibility of a solution and in favour of a catastrophe; and the members of the Commission showed their public spirit by submitting that it mattered less that His Majesty's Government should accept the Commission's own particular recommendation than that they should take some decision or other, and carry out this decision, whatever it might be, without delay. To this warning, the Government's reply has been to lose nearly two precious years—with the

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result that the Royal Commission's perspicacity has been most unhappily vindicated.

Partition is dead; for, although the British Government committed themselves to it on the morrow of the publication of the Royal Commission's report, and although it was afterwards accepted in principle by the Jews, the Arabs have discovered that the Government's will to put this policy through has given way in face of Arab intransigence. It is the belief of *THE ROUND TABLE* that, in rejecting partition out of hand, the Arabs were not acting in their own best interests. Fearing, as they genuinely do fear, to find themselves swamped under a flood of Jewish immigration, surely they would have exorcised this danger most effectively by securing a territorial frontier, endorsed and guaranteed by Great Britain and by the Council of the League of Nations, beyond which no Jew would have been allowed to immigrate without their leave. The Arabs might have driven a hard bargain over the exact location of the line—the Royal Commission's detailed territorial proposals were only tentative—but probably they would have been wise, on a long view, to sacrifice a fraction of Arab territory in order to make sure of retaining the rest for all time.

However, the Arabs have rejected partition; and they have now been joined by His Majesty's Government. The essence of their demand has been that the whole of Palestine should be included in a sovereign independent Arab State which should be in treaty relations with Great Britain, on the lines of the Anglo-'Iraqi treaty of 1930 and the Anglo-Egyptian treaty of 1936. Within this Arab State the existing Jewish population of Palestine would be guaranteed those minority rights that have been guaranteed to other minorities in the post-war minorities protection treaties and declarations. But they would have no more than a minority's status—underwritten by Great Britain and by the Council of the League—and they would remain a minority for ever, since the complete cessation of

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Jewish immigration into Palestine has been an emphatic part of the Palestinian Arabs' demands. On this programme, all Palestinian Arabs agreed. The Nashashibi faction has been just as intransigent as the Husseini faction of which the Mufti of Jerusalem is the leader.

The British Government, on the other hand, cannot agree to the reduction of the Jews in Palestine to the status of a mere minority, and this for several reasons, each of which would be decisive in itself. All over central and eastern Europe and south-western Asia, the minorities have gone to the wall in these post-war years, and international guarantees have not availed to save them. The pledges given by the Polish Government have not saved the German and Ukrainian minorities in Poland; the pledges given by the 'Iraqi Government have not saved the Assyrians in 'Iraq. In the light of all our post-war experience, Great Britain cannot now acquit herself of her obligations to the Jews in Palestine by writing out paper guarantees. She could not take so inhumanly cynical a course even if she had no special obligations to the Jews in Palestine; but as a matter of fact she has promised them that they shall live in Palestine not on sufferance but as of right, and it is on the strength of this British promise that hundreds of thousands of Jews have settled in Palestine during the past twenty years. Here is an obligation which she cannot shuffle off but which at the same time she cannot honour without placing herself in a quandary.

The crux of the problem may be stated thus: Great Britain cannot allow the Jewish community in Palestine to fall into the position of a mere minority, never to be reinforced by further immigration, within a sovereign independent Arab State; since, however, the independence that has been granted to all the Arab peoples round about cannot be withheld from the Palestinian Arabs, Great Britain is committed in Palestine to some form of territorial separation between an area in which Arab independence will be complete and another area in which the Jewish

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element will be able to live, not as a minority under Arab domination, but as "first-class citizens" of the State. It is, however, geographically impossible to draw a line substantially embracing the whole of the present Jewish community in Palestine, and giving this community reasonable room for expansion, without including a large number of Arabs. In other words, if the Palestinian Jews are not to be reduced to the status of a minority in an Arab State, then an appreciable fraction of the Palestinian Arabs will have to be reduced to the status of a minority in an area in which the Jews will be in a majority, besides being "first-class citizens" of the State.

This mixed area may be kept under partial British control; the most stringent guarantees may be devised for the principal Arab enclaves in it; yet, when the problem has been reduced to a geographical and demographical minimum, a hard residual core will remain. In a certain area of Palestine there will be an Arab population debarred from the enjoyment of full national self-government within an Arab national State, and feeling itself threatened—in spite of all the guarantees—with being overwhelmed by its Jewish neighbours. This non-independent Arab minority will be separated only by an artificial frontier from the independent Arabs in the rest of Palestine and in the other Arab countries round about. No doubt it will be constantly appealing to its fellow Arabs for support; and these appeals will be constantly working upon the feelings of the rest of the Arab world. In other words, the Palestinian problem that has defeated British statesmen for the last twenty years will have been merely confined to a rather smaller area without being either solved or modified. It has been said of the Czechoslovakia of 1918-38 that she was a residuum of the pre-war Austria in which all the pre-war Austrian problems were perpetuated in miniature; in a similar way, the post-war Palestine, with all its problems, will be perpetuated in the smaller mixed Jewish-Arab area unless some new factor is brought in to prevent it.

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How, in these extraordinarily difficult circumstances, can the mandatory Power bring Arabs and Jews rather nearer towards agreement? While the details of a permanent solution are being worked out, a provisional arrangement might be to lay down a numerical limitation for the Jewish community: to decide, for instance, that Jewish immigration must be so regulated as to cease as soon as the Jews become 40 per cent. of the total population of Cisjordanian Palestine.* That would reconcile the Jews' demand that immigration shall not be stopped with the Arabs' demand that they shall be guaranteed against being reduced to a minority in their own native land. But this method of numerical limitation bristles with difficulties, and cannot form part of a permanent solution. It would in practice reduce Jewish immigration to such small numbers as to make the distinction between this and total prohibition little more than nominal; it would leave on British shoulders the onus of assessing the Jewish quota, period by period; and this task, besides being politically invidious, would be administratively almost impracticable. In order to be executed effectively, it would involve the taking of a six-monthly census in Palestine and the absolute stoppage of illicit Jewish immigration—and these two provisos, between them, amount almost to a *reductio ad absurdum* of the project.

If numerical limitation is adopted as an interim measure, a mere *modus vivendi*, it will have to give way as quickly as possible to some form of geographical limitation. A line will have to be drawn somewhere in Palestine, to the east of which Jewish immigration would be subject to Arab wishes, while to the west of it (save in certain predominantly Arab enclaves) the Jews might introduce as many Jewish immigrants as the area was able to support. This would place the onus of the decisions about immigration where they ought to rest—that is to say, on Jewish and Arab shoulders. It virtually brings us back, however, to the

* See footnote on p. 262, above.

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proposals for "cantonisation" that were commonly mooted before the Peel Commission pointed out their inherent weaknesses.

The chief difficulty does not lie in the drawing of the dividing line, though that is difficult enough. In which quarter should the mixed Jewish-Arab area be given its necessary elbow room? In Galilee or in the Negeb? The Negeb is a spacious and almost empty country with unexplored possibilities of development; but unfortunately the Negeb cannot be annexed to the coastal region, north of Jaffa, in which the Jewish population is thickest, without embracing, in the Gazzah district, a settled Arab population hardly less numerous than the Arab population of Galilee. Wherever the line is drawn, it is bound to net a considerable number of Arabs who will be deeply aggrieved at being excluded from the adjacent area of Arab self-government; and in the absence of some over-riding factor this problem of a dissatisfied and apprehensive Arab minority will always be with us.

But the crux of cantonisation is not this; it is the question who would control the common services that would have to remain in the hands of some all-Palestinian authority so long as cantonisation is not carried to the length of a complete partition of Palestine into two sovereign and independent States. These common services would be immensely important. Presumably they would include, for example, both customs (including the apportionment of the customs revenue) and defence. Whoever controls these services exercises some of the most vital sovereign powers in Palestine; by implication, these powers would be withheld from the local authorities in the cantons. For the moment, no doubt, this problem could be solved very simply by continuing the mandate and leaving all these common services in the hands of the present mandatory Power; and this might even be a permanent solution as far as the mixed Jewish-Arab area is concerned. But what about the purely Arab area? Here the effect would be

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to confine Arab self-government within limits far narrower than the full sovereignty of 'Iraq or Egypt, and even narrower than the qualified independence of Trans-Jordan. It is inconceivable that the Palestinian Arabs will agree both to the permanent exclusion of the mixed area from the domain of Arab independence and to a drastic restriction of their independence even within that domain itself. If the Arabs are to be reconciled, then it will have to be stipulated here and now that sooner or later the common services shall be handed over to some federal authority.

There, however, we come up against the difficulty which the Royal Commission has pointed out. Whoever controls the federal services will be virtually sovereign of Palestine as a whole. If it is to be a federation of two members—a wholly Arab canton and a predominantly Jewish canton—then the federal services must fall, *de facto*, into the hands of either the Jewish or the Arab party, and in either event the situation for the other party would be intolerable. If the Arabs control the federal government, the Jews will after all be reduced in effect to the status of a minority; if the Jews control it, the Arabs will be subjected to a Jewish ascendancy in Palestine which will be tantamount in practice to a Jewish State.

Can this crux of the problem of federation be overcome? The difficulty is acute because, if the federation is confined to the area of the Palestine mandate, two partners, and two only, stand face to face: on the one hand the mixed Jewish-Arab canton; on the other hand a Palestinian Arab canton, which will presumably include not only the major part of Cisjordanian Palestine but also the present principality of Trans-Jordan. Is there a possibility of surmounting this difficulty by embracing, in the eventual federation, the two States of Syria and the Lebanon, which are at present under French mandate, as well as the two territories into which it is proposed to divide the present British mandated territory in Palestine? Syria, in the wide sense of the whole country lying between Turkey, 'Iraq, Arabia and Egypt, is

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a natural and historic unity, which was artificially partitioned in the peace settlement in order to meet, not any local needs or wishes, but the respective exigencies of British and French imperialism as embodied in the "Sykes-Picot" agreement. If and when the British and French relinquish their mandates, it would be the most natural thing in the world for the Syria that they have arbitrarily divided to come together again.

It would be natural and at the same time it would be expedient; for this reunion would obviously make the problem of federation much easier in both the present French and the present British mandated territories. It would be much easier for a Syria, a Lebanon, a Palestinian Arab State and a mixed Jewish-Arab State in Palestine to enter into a federation *à quatre* than it would be for two sets of two partners each—Syria *vis-à-vis* the Lebanon and the two Palestinian territories *vis-à-vis* one another—to try to federate separately *à deux*. For the latter plan would mean that the control of the federal powers must fall to one or other of two partners, to the anxiety and perhaps to the detriment of the other. In a federation of four members this dilemma would not arise, and a federal balance of power would be much easier to achieve.

Cannot the French and British Governments put their heads together to compass the common solution of their parallel problems in the Levant? Together they may hope to extricate themselves from the analogous difficulties in which their respective mandates have involved them.

The wider federation, which would no doubt have special relations with neighbouring States—Turkey, Iraq, Saudi Arabia, Egypt—obviously cannot be brought into being at once. Even if there were no other obstacles, the French Government have matters almost as difficult as the Jew-Arab conflict to settle in Syria and the Lebanon before they will feel able to relinquish their mandatory control. But it will surely be wise for the British Government, if it can obtain the concurrence of the French,

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to declare publicly now that this is the goal towards which its eyes are turned, as it continues to carry out its undertakings to both Jews and Arabs. Only with the compensation of a promised wider unity are the Arabs likely to be reconciled both to the continuance of Jewish immigration into Palestine and to what that necessarily implies, the creation of an Arab minority in the mixed Jewish-Arab area. Only thus can Great Britain be permanently assured of the friendship of a group of peoples occupying territory of extreme importance for British Commonwealth defence, while at the same time she can be rid of the arduous and painful task of internal defence that she now shoulders in Palestine. These are the fundamental strategic considerations for Great Britain, though there are other important questions, such as the use of Haifa for naval purposes and the defence of the oil pipe-line, which would have to be settled after the model of the Anglo-Egyptian treaty of alliance.

In the meantime, a form of territorial rather than numerical limitation of immigration into Palestine is the only path towards self-government for Palestine that is compatible with realism and with Great Britain's international duty. Numerical limitation on the lines of a maximum Jewish percentage, which may be found advisable as a temporary expedient, cannot be more than that. And if the revised cantonisation idea—partition without partition—is to be a stepping stone to something greater and more lasting, it must provide for the establishment of common democratic institutions for all matters of common concern to the Arab and the mixed areas. The two communities must not be allowed to grow further and further apart, but from the beginning must have the means of facing their common problems—which are many—not as enemies but as co-operators in self-government. At first, while Great Britain retains her full mandatory powers, these representative institutions will have to be only advisory in the more important fields; but the unwritten principle should be

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adopted that if the two communities are agreed the mandatory Power will concur, subject to any over-riding reasons of state. Among the matters of greatest moment that will fall to the all-Palestinian democratic institutions to consider will be the collection and distribution of revenues from joint sources, such as the yield of the common customs tariff. By this process, rather than by any direct book-keeping adjustment, will the greater wealth of the Jewish community serve to raise the administrative and economic standard among the Arabs.

The common interests of the two communities—indeed of all the peoples dwelling in the lands that lie between the Mediterranean and the Indian Ocean with its two north-western fingers—are plain both in the economic and in the strategic spheres. The problem is to combine the service of the common interests with satisfaction for the national aspirations of both Jews and Arabs. It can only be done if those aspirations find scope on two different planes—those of the Jews in that portion of Palestine of which they will have freedom to make whatever they can, those of the Arabs in the wider confederation of the Near East.

AMERICA STANDS WITH THE DEMOCRACIES

I. MANY METHODS SHORT OF WAR

“**T**HERE are many methods short of war, but stronger and more effective than mere words, of bringing home to aggressor Governments the aggregate sentiments of our own people.” These words, taken from President Roosevelt’s annual message to Congress, are the key to present American foreign policy. In effect, the American Government is seeking to combat the totalitarian States with every means available short of force. President Roosevelt is issuing a plain warning that the United States will be aligned with Great Britain and France in the event of a major European war, although of course the nature of American participation cannot be defined in advance. Nor can the President actually guarantee that the American people will follow him. But he can construct a policy, and is so doing, that would make it very difficult for the United States to do anything else. He is not permitting Germany, Italy, and Japan to make any miscalculations about American policy. He is the aggressive world leader of the democracies, although somewhat removed from the firing line. He is, so to speak, the leader of the cheering section.

But American policy is not limited to mere cheering, although that may seem to be its sum to nations living in the midst of the arena. It is most revealing to list the main points in the present American foreign program, most of which are actually being acted upon, although a few are still at the blueprint stage. Here they are :

(1) An intensive armament building program, under which American fighting forces for the coming fiscal year will cost about \$1,500 million.

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(2) Projection of a naval base at Guam, on Japan's front doorstep, over 3,000 miles west of Hawaii.

(3) Extension of trade preferences, meaning economic and perhaps political stability, to the Philippines, and perhaps eventual "Dominion status" for the islands.

(4) Substantial financial aid to China.

(5) Diplomatic insistence on American "rights" in Asia.

(6) Constant verbal warnings and thrusts directed toward the Nazis.

(7) Direct assistance to France and Great Britain through the export of American aircraft and other materials.

(8) Proposed amendment of the Neutrality Act to assure France and Britain of continued war supplies so long as they can pay for and transport them.

(9) Projected economic, monetary, and tariff "sanctions" against the authoritarian Governments.

(10) An effort to strengthen economic ties between normal-trading nations through reciprocal pacts.

(11) An effort to forge inter-American continental solidarity and keep the totalitarian States out of the New World.

(12) Every practicable step to aid the Jews, particularly in refugee work.

(13) Perhaps one should add an extraordinary relationship between President Roosevelt and the world leaders of the Roman Catholic Church, in which he appears to encourage them to stand for the interests of the church against the state in totalitarian countries. He seems to seek to evoke the memory of the *Kulturkampf*.

All these points constitute no trivial program, no policy of words alone. Far indeed, by degrees that have sometimes gone unperceived, has the Roosevelt Administration led the American people actively into the world crisis.

II. GUNS, BUTTER AND GOSPEL

THE most tangible point in the program covers the new national defense plans. After a stream of advance propaganda depicting a vast building program, the President astutely limited his recommendations to "minimum requirements". The regular annual budget called for national defense appropriations of \$1,182 million. A special defense message to Congress asked for \$525 million

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more, the beginning of a program designed to continue through subsequent years. It includes :

\$300 million for the immediate purchase of about 3,000 airplanes.

\$110 million for critical items of army equipment, such as anti-aircraft artillery, anti-tank guns, etc.

\$32 million for "educational orders" to be spread out to industry, permitting it to prepare for quantity production of non-commercial military items.

\$8 million for improving sea-coast defenses, particularly in the Panama Canal.

\$44 million for creating or strengthening naval bases in both Atlantic and Pacific, notably making a start in Guam.

\$21 million for additional naval airplanes and air material tests.

\$10 million for the annual training of 20,000 civilian air pilots in the universities and colleges.

The naval expansion program is included in the regular Navy Department budget, and proceeds along fixed lines. This armament program will make the American navy second to none, comparable only to the British. It will eventually bring the American air force and aircraft factories up to the German level, particularly if there is a good deal of exporting. It will make the navy's task of defending the western hemisphere a guaranteed success. Most important, perhaps, will be the American aircraft factories, if they are an assured secondary source of supply to Great Britain and France. The only hitch, of course, is their possible unavailability in time of war, under the restrictions of the Neutrality Act. But the Administration intends to seek amendment of the Act, and, if the President is not granted full discretion to discriminate between aggressor and defender, then Congress may at least put the trade on a cash-and-carry basis, which ought not seriously to impede France and Great Britain.

The proposed naval base at Guam, right on the flank of the Marianas and the Carolines, is a direct challenge to Japan. But it is, thus far, a diplomatic move, a blue chip valuable in a possible poker game with Tokyo. Guam is no more than 1,500 miles from that capital. A full American

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naval base there, capable of supporting the American fleet, with our unexcelled aircraft carriers taking planes perhaps half the remaining distance to the Japanese mainland, would gravely threaten Japan's present naval supremacy in her own waters. That is something for Japan to think about, as she struggles with the Chinese octopus.

The Philippine program, likewise, indicates to Japan that the United States is not thinking of withdrawing from the western Pacific, nor of opening the corridor from Nippon down to the South Seas and the East Indies, down to rubber and oil and tin. The United States, by indicating a continuing connection with the Philippines, still stands athwart that corridor, still acts as a buffer State between Japan and the British and Dutch territories in Malaya and Australasia. A naval base at Guam, moreover, is the most essential step in the defense of the Philippines.

American financial aid to China goes through loans furnished by the Export-Import Bank, a governmental institution, and through the opening of gold deposits here in return for Chinese silver. Some \$25 million has been made available through the Export-Import Bank, and about \$50 million in return for silver. The process continues, as Chinese silver flows out and foreign supplies trickle in. This source of credits is intensely valuable to the Chinese Government; it is an essential buttress of their continued resistance to Japan. The resistance, says Nelson Johnson, the recently returned American Ambassador, can go on indefinitely. He offers to land on the China coast, not at a major port, and take a party to any part of China without being stopped by the Japanese, perhaps without even seeing a Japanese soldier. They would have to cross the Japanese lines a few times, he says, but he thinks it could be done, and thus vividly he illustrates the attenuated, skeletonised nature of the Japanese control. The treaty ports, he points out, have not been Chinese-controlled for a long time. Anyway, American financial aid to China is an important link in our anti-totalitarian program.

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Our continued insistence, through diplomatic communications, on the open door and other "rights" in China is not simply futile whistling. On the one hand, it keeps the record straight in case we have some future opportunity to enforce these rights. On the other hand, it constitutes preparation for convicting Japan of discrimination. This point will be highly essential when or if the United States decides to invoke tariff "sanctions" against Japan. Moreover, we are attempting to keep the tottering treaty structure in existence, if only nominally, in preparation for later conferences on the whole Far Eastern problem.

The next item listed in the program above, our constant verbal warnings and thrusts at the Nazi Government principally, but with Japan and Italy not forgotten, is partly of psychological importance, but that is not all. The German, Italian, and Japanese replies to these thrusts have grown increasingly shrill, indicating a real fear of American policy. The replies, in turn, convey to the totalitarian populations that something is amiss. President Roosevelt is a real world figure, with prestige in the totalitarian countries. If he is a "war-monger", as the German press says, well, that is something for Germans to think about. No doubt is left as to the sympathies of the United States. We, too, are playing a propaganda game, are talking big, are drilling away at frayed nerves and pulpy morale. Dr. Goebbels knows how that works. And if the United States is Jew-dominated, as the German press charges, perhaps the German people won't think it so easy to wipe out the Jews from the face of the earth.

A central point in the President's national defense recommendations to Congress was the expansion in American air forces. His main purpose, he explained, was to put United States aircraft factories into mass production. Domestic orders could not do this alone. And so a French air mission, whose way had been paved by William C. Bullitt, the aggressive American Ambassador at Paris, found itself warmly received here. In consultation with

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Mr. Bullitt, President Roosevelt developed the view that France, in February 1939, was the "bulwark of democracy". The prime need for preservation of peace, the President explained, was best served by supplementing the first-rate French army with American air power. Great Britain had been able to purchase American aircraft readily in 1938. If she and France need other materials, well, the implication at Washington is that they can get them here, at least by means of a cash-and-carry policy. The interests of the United States, as the President explicitly defined them in his annual message and in an exciting press conference on February 3, lie in "bringing home to aggressor Governments the aggregate sentiments of our own people". Or, put otherwise, he said that the American people "sympathise with the peaceful maintenance of the political, social, and economic independence of all nations in the world". The concrete expression of these words is the opening of American aircraft factories, with the express assistance of the Administration, to French purchasers. Of course, they could have purchased the planes all along through the regular commercial channels. But they could not have obtained the latest models, nor would they have had any guarantee of continuance of supply in the event of war.

And in this question of continuance lies a key point in the whole problem. The Neutrality Act makes mandatory an embargo on arms shipments when the President finds a state of war to exist. But President Roosevelt proposes to lift this section one of the Neutrality Act, and to place arms shipments on a cash-and-carry basis, allegedly non-discriminatory. In fact, the control of the seas and access to foreign exchange that Great Britain and France would probably enjoy, to the disadvantage of Italy and Germany, doubtless means that a cash-and-carry provision would be no impediment to the shipment of arms. In short, it is difficult to see how the Neutrality Law can now be advanced abroad as a main source of dubiety about American policy. The law will not be repealed, it may not even be changed

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drastically, but it seems to have lost much of its meaning. And in any event, it isn't fashionable to declare wars any more, and, no matter what the circumstances, the President has authority to "find" whether or not war exists. The Administration would prefer to see the law changed to give them power to discriminate between the aggressor and his opponents, but that is a logical hurdle over which Congress probably will not jump. A test struggle, perhaps the American version of a "vote of confidence" on the whole new positive foreign policy, may come upon the question of amending the Neutrality Act. But it will be somewhat deceptive. Even if not one line in the Act is changed, the administering authority behind it has already changed its viewpoint.

The Treasury has completed, and placed on the President's desk, a complete program of economic "sanctions" against totalitarian Powers, none of which will require legislative action, all being entirely within the discretion of the executive. These authorisations are tucked away in many statutes, their existence is not widely known, but they simply need the starting signal to become operative. First among them would be the extensive imposition of countervailing duties on Japanese and German goods under section 303 of the Tariff Law. Section 337 of the Tariff Law would make it possible to prohibit all trade with Germany that is now proceeding on a barter basis. The section prohibits any "unfair" practice which would "restrain or monopolise" trade. Since barter trade denies opportunity to competitors who wish to trade freely, and favors the importer who will deal on a restrictive basis, such trade is considered subject to prohibition under this section, and most present trade with Germany is regarded as of that character.

Section 338 is most frequently mentioned as a legal weapon of great effectiveness to use against Japan or Germany. It gives the President discretionary power to restrict or prohibit in their entirety imports from any

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country that discriminates against American trade or interest. This definition is very broad, and the case proving discrimination has already been laid in numerous diplomatic notes and protests, particularly to Japan. Application of these "sanctions" would permit the President to cut off sales to the United States. He does not have equal authority to prohibit exports. But, as Secretary Hull did in the case of aircraft orders from Japan, he can appeal to the patriotism of American manufacturers. This appeal seems to be effective up to a point. The United States is a vital market to Japan, and a useful market to Germany. But it is obvious that the imposition of such restrictions would be a grave step. Possibly, if anything is done at all, it will be by single stages.

Secretary Hull has not forgotten his reciprocal trade program. It is always in the background, as one element in trade sanity in the midst of restrictions. It was listed by the President, in his press conference statement of February 3, as one of four major bases of American foreign policy. And Secretary Hull has never been more popular in the country generally. He is most prominently mentioned as a "compromise" Democratic nomination for the presidency in 1940. The attack on his program in Congress has been blanketed by the attack on the President's broader and more controversial plans. But the Anglo-American trade agreement remains a tangible achievement, and trade is flowing into and out of the United States in healthier volume, despite world troubles, than would have been the case without this persistent, patient drive for normal trade. There is, therefore, a "most-favored-nation" area preserved in the world to compete with barter trade, to offer its advantages to nations magnetised by the ruthless offers of the barterers. Economically, Secretary Hull's trading area may perhaps be more important than suggested sanctions. At any rate, it remains a real factor in the leverage which the American Government is adding together and bringing to bear on the aggressors.

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Inter-continental solidarity is also a Hull policy. The silver-haired Tennessean, whose face is as gentle as his vocabulary is forceful, had another personal triumph at the Lima Conference, in that his character and persistence again left their mark on his fellow statesmen. He is a new version of Uncle Sam for the Latin-Americans to study, and perhaps his kind of diplomacy—with no force and no concrete commitments—is what is needed in the long run to establish and maintain United States prestige in this hemisphere. After all, treaties and protocols have been drafted *ad nauseam* in inter-American diplomacy. They resoundingly regulate almost everything in international relations—on paper—but in practice what is important is the impression that Latin-American countries have of the intentions of the United States.

Much has been heard of German and Italian penetration in the Americas, doubtless with some exaggeration. The United States can never have a path of roses with the Latins ; she cannot cease being the Colossus of the North. And it will not be hard to make stronger the cultural and economic lines between a Franco-controlled Spain and Latin-America. Thus, with the virtual *dénouement* in Spain, the fascist challenge to the Americas has been brought measurably closer. The United States has the problem of keeping its head—and its face—before the challenge. Common-sense, practical diplomacy, and genuine regard for the sovereign rights of all the American States are the most effective weapons Washington can get. Secretary Hull has been wielding them under immense difficulties, of which the chief has been the rapid implementation of communism and anarchism in Mexico. The new defense program may do something for United States prestige, may put a *verboden* sign on the western hemisphere, but the assiduous cultivation of all the Americas by Secretary Hull is quite as effective a barrier against a breach of the Monroe Doctrine.

The United States officially is in the forefront of efforts to aid Jewish refugees, and the American immigration quota is

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yawning to its legal limits—with some additional strains and leakages—to permit the entry of refugees into this country. But American Jews, with the good offices of the Government, are privately even more active in the cause. Every facility has been given them. Moreover, President Roosevelt issued an unprecedented and sharp public statement expressing his horror at persecutions in Germany, and the State Department stingingly refused to accept a German demand for rebuke of Secretary Ickes, who had spoken bluntly before a Zionist conference. The President has just appointed an eminent American Jew, Professor Felix Frankfurter, to the Supreme Court.* All this, and particularly the frequent speeches and statements of high officials in the Jewish cause, plainly indicates a degree of interest in the plight of the Jews which fits into the whole positive foreign policy. It touches the authoritarian States on a delicate point, a point additionally sensitive because of all the build-up the dictators have given to the alleged power and influence of world Jewry.

* Thereby hangs a story touching, of all things, THE ROUND TABLE. In early 1937, writing about the Supreme Court enlargement fight, this correspondent trusted his own judgment and widespread Washington reports to connect Thomas G. Corcoran and Benjamin Cohen with the devising of the President's Court Bill. The report, it turned out, was inaccurate. These two highly-trusted and valuable advisers of the President were only promoting the Bill; they did not help to originate it. They were former pupils of Professor Frankfurter. That distinguished law teacher, reading the references in THE ROUND TABLE, addressed a letter to a former correspondent of this review disclaiming, for his two pupils, all share in originating the President's Bill. The disclaimer plainly inferred that Professor Frankfurter himself did not like the Bill. The present writer, noting that there were no injunctions of secrecy about the matter, discreetly conveyed Professor Frankfurter's views to one or two senatorial friends, without revealing the source. This year, when Professor Frankfurter's name came before the Senate for confirmation, one thing stood out above all others. It went like a flash through the Senate: "Frankfurter is all right. He was against the Court Bill." And Professor Frankfurter was confirmed without an opposing vote. This result, any observer would say, would have been impossible three or four years ago; probably Professor Frankfurter would have been rejected.

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Finally, there is the question of the Administration's relationship with the Roman Catholic hierarchy. President Roosevelt is an intimate friend of George, Cardinal Mundelein, the Archbishop of Chicago. They confer frequently about world policy. Last November, when Cardinal Mundelein went to Rome, President Roosevelt instructed the American Embassy staff and the United States flagship on the Mediterranean station to go to Naples and pay particular honor to the Cardinal. This demonstration was meant to indicate to fascist authorities in what high regard the American Administration regarded this prince of the church, and it was to convey to the Vatican a message of goodwill and support. There followed a notable display of firm speaking on the part of the Vatican toward the dictators and "paganism". It is perhaps not too much to say that the Roosevelt support was one factor influencing papal policy.

Later, after the Lima Conference and when the Italian press was deriding its results, the *Osservatore Romano* praised the conference and explicitly refuted the fascist papers. Later still, two high American church dignitaries went on an 18,000-mile tour of Latin-America. Roman Catholicism, it should be remembered, is almost the only aspect of United States culture that is shared in the countries to the south. If the Vatican is at all a factor in German or Mediterranean politics, it may not be exaggeration to believe that the warm support given from Washington has helped toward a possible, remote *Kulturkampf*. President Roosevelt knows his history and he has a lively imagination. He remembers Canossa. And so the American Government made no effort to lift the Spanish embargo, though entreated to do so by "friends of the Spanish loyalists", who included nearly all its usual progressive supporters, with a great sprinkling of non-party advocates of the anti-dictator foreign policy.

PRESIDENT AND PUBLIC OPINION

III. PRESIDENT AND PUBLIC OPINION

IT will be noted that in all this 13-point program, all this implementation of the "methods short of war" by which the United States is talking to the dictators, only four points depend on fresh action by Congress. Otherwise it is a program altogether in the hands of the President, and capable of wide future expansion. The four points requiring congressional action are: the voting of appropriations for national defense, amendment of the Neutrality Act, changes in the status of the Philippines, and the fortification of Guam. The third point is not particularly imperative, since there are several years before either the economic or the political terms of the present Independence Act go into effect. The national defense recommendations will almost certainly be approved substantially in their entirety. There may be some hedging on Guam, but probably the Navy Department will get authority to begin harbor-dredging, which is all that is asked for at this time. The fortification of Guam is a diplomatic step. The Neutrality Act may not be amended, and that will disappoint the Administration, but it will not be a crippling handicap.

Thus President Roosevelt appears to have everything in his hands—except, perhaps, public opinion. Can he be pulled back as Woodrow Wilson was? Can his policy be reversed after it has gone far and altered history? That is always the riddle in this republic.

Three things can be written with assurance about American public opinion. First, now as ever, it wishes to avoid "foreign entanglements". Secondly, its sympathies are altogether enlisted in the cause of the democracies and against the aggressors. Thirdly, a large part of public opinion fatalistically believes that, although it may desire to remain isolated, it is entirely impossible for the United States to do so if a world war breaks out.

Logically, therefore, people who admit that they will be involved eventually should be willing to co-operate in

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preventive measures ahead of time. This logic, however, only reaches limited groups in American public opinion. Logic and consistency were never strong characteristics of our foreign policy. Yet the force of events under the three points listed above is ever pressing toward a preventive policy, is supporting President Roosevelt's positive program.

There is much vocal congressional protest at the program; the country generally is alarmed when they read that "the American frontier is on the Rhine". But it is hard to see how anything could now block President Roosevelt in the exercise of his executive discretion. Moreover, Mr. Roosevelt is no Wilson. He is not an idealistic university professor, but an astute practical politician, and he does not intend to get too far ahead of public opinion. Just when he feels the Senate, or the people, getting out of hand he gives them a little more rope, eases off his program a trifle, and tightens it again when the outcry dies down. That, too, is the prospect for the future. And the principal forecast of experienced national observers is that while this policy may or may not be a vital contribution to world peace—that is another matter—it may well elect Mr. Roosevelt to a third term next year.

United States of America.

PROBLEMS OF BRITISH WEST AFRICA

I. PROBLEMS OF ADMINISTRATION

BRITISH possessions in West Africa consist of the Gambia, Sierra Leone, the Gold Coast and Nigeria. The most northern of these, the Gambia, is a narrow strip of territory lying along both banks of the Gambia river and stretching for some 250 miles eastwards from the coast. The importance of this waterway was realised by Englishmen as far back as the days of Queen Elizabeth. Apart from the island of St. Mary, on which the town of Bathurst is situated, the whole of this dependency is administered as a protectorate. It has an area of nearly 4,000 square miles and a population of approximately 184,000.

In Sierra Leone, the colony consists of a peninsula and a narrow coastline, while the rest of the territory is administered as a protectorate. The total area is 28,000 square miles and the population one and three-quarter millions. The peninsula, where in the past large numbers of freed slaves and repatriated Africans were settled by the British Government, is of considerable strategic importance, and a garrison was kept there until some ten years ago. Now that Europe has reverted to a system of power politics, Freetown, the capital, is being re-equipped as an important military and naval base. After the Sierra Leone hills there is no further break in the flat monotony of the West African coastline until the Cameroon mountain is reached.

Along the Guinea coast lie the Gold Coast colony and Nigeria; north of the Gold Coast lies Ashanti, and beyond it the Northern Territories. In each of the latter a chief commissioner is in charge of the administration under the

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general supervision of the Governor. To the east of the Gold Coast are some 13,000 square miles of mandated territory which formerly formed part of Togoland. The southern portion of this area is attached for administrative purposes to the Gold Coast colony, and the northern portion to the Northern Territories. The total area of the whole dependency is about 100,000 square miles and the population approximately four millions.

Nigeria consists of the small crown colony of Lagos and a protectorate divided for administrative purposes into the Northern and Southern Provinces, each under chief commissioners who are responsible to the Governor. To the east of Nigeria are 34,000 square miles of mandated territory, of which the southern portion includes the Cameroon mountain and is administered as part of the Southern Provinces, while the northern portion forms part of the Northern Provinces. The total area of this dependency is some 372,600 square miles and the population is estimated at twenty millions.

The early history of British West Africa is closely connected with the slave trade. In the seventeenth and eighteenth centuries, English enterprise and capital were applied to the development of that trade with the object of providing labour for the plantations in America and the West Indies, whereas in the nineteenth century England took the lead in suppressing a trade that she had previously done so much to develop.

The slave trade in Nigeria was not suppressed until the early part of the present century, for the capture of Kano in 1903 closed down what had been for many years the largest slave market in Africa. Slave-raiding in the north of Nigeria had become a well-organised business among several of the Mohammedan Emirs, and officers serving in that country found that large tracts of land had been devastated and de-populated by these raids. Those who criticise the policy by which in the past considerable areas in Africa were brought under British administration

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can have no knowledge of the conditions that existed before that annexation, since they were, in themselves, ample justification for it.

It can be claimed that the British policy of native administration in Africa, known as indirect rule, which has now been adopted, not merely in the West African dependencies, but also in East Africa, originated in northern Nigeria. In that country there existed well-organised Mohammedan emirates, whose rulers were well able to adapt themselves to the changed conditions. The more difficult task of building up native administrations based on the tribal customs of the primitive non-Mohammedan tribes was successfully undertaken. In the south, the same principles were first adopted in the organisation of the different Yoruba states, but it was only recently that serious efforts were made to introduce native administration in the south-east of Nigeria among the Ibo and Ibibio peoples. In 1931, as a result of serious trouble in the Owerri and Calabar provinces, it was realised that the past system of administration in that region had led to grave abuses.

Among the Ibo and Ibibio tribesmen there were no chiefs capable of exercising the authority that was vested, by native custom, in the more advanced and better organised Yoruba states or the Mohammedan emirates of the north. This fact, combined with the very real difficulty that European officers found in mastering the local languages with their wide diversity of dialects, had resulted in a form of direct administration which was largely dependent on native interpreters and clerks. Such a system could not be expected to command the confidence of the people. It has been replaced by the organisation of clan councils, which are in accord with native custom and tradition; but steps have been taken to enable these councils, which in the main consist of the elders of the clan, to admit to their deliberations young men, who by reason of education or special knowledge may be able to advise them usefully. Also, where within any administrative unit there are

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Christian or Mohammedan communities, representation of their interests is allowed in the clan council.

In 1935 a Governor of Sierra Leone sent one of his administrative officers to make a study of native administration methods in the Southern Provinces of Nigeria. In his report the officer quoted from a previous annual report the following summary of the situation in the south-east of Nigeria, which he believed to be fully justified:

Communities whose attitude in the past varied from complete indifference to sullen passive resistance are now interested administrators of their own village and clan affairs, collecting their own taxes with promptitude and dispensing justice in Courts which command general approval to a far greater degree than in the past.

A scheme of native administrations in the protectorate of Sierra Leone on somewhat similar lines was introduced in 1936, but its adoption has been left to the wish of the people themselves and has in no way been forced upon them. This method has met with remarkable success; for one chiefdom after another in Sierra Leone has adopted the new system. As a result of it, there has been a marked quickening of interest in the development of local resources and in the provision both of improved social and educational services and of roads and better means of transport, wherever tribal councils under the new system are beginning to realise their own responsibilities as part of the administrative machine instead of merely relying on a local political officer. Similar developments are now taking place in the Northern Territories of the Gold Coast and in Ashanti, where the former Federal Council of Ashanti chiefs under the presidency of the Asantehene of Kumasi has been revived.

The progressive development of native administrations, however, must depend on the inauguration of native treasuries and on the extent of the revenue that becomes available for local needs. In the Gold Coast colony, although the authority of native chiefs is recognised by the Government, no native treasuries exist, nor has any form

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of taxation to provide funds for a system of native administration been introduced. Native chiefs in this colony are largely dependent on fees and fines for their incomes, and it is difficult to believe that any satisfactory or permanent form of native administration can be based on such a system. The Gold Coast Government has in fact been criticised for its failure to build up in that colony a system of native administration capable of adapting itself to the rapidly changing conditions.

An opportunity for providing a sound financial basis on which some of the native states might have been developed offered itself when the different mining companies approached the local chiefs for mining concessions. If, for instance, those concessions had been granted on a system whereby a percentage of the net profits obtained from the exploitation of the mineral resources had been earmarked to provide funds for the local native administrations, it would have been possible to have strengthened the latter and to have developed them as useful units of the administrative machine.

II. PROBLEMS OF HEALTH AND EDUCATION

IN the past, the development of the West African colonies has been seriously handicapped by the heavy wastage among the European staff caused by deaths and invalidings. The West Coast had an unenviable reputation, and the great improvement that has now been effected is in itself evidence of the successful struggle carried on by the medical staff against tropical diseases. In 1903 the death rate amongst European officers in West Africa was 20.6 per 1,000, falling to 11.8 in 1913, 11.7 in 1923 and 4.6 in 1933. In 1936 it rose to 9.4, but the rise is partly accounted for by the inclusion of six deaths from fatal accidents in the returns for that year. The invaliding rate per 1,000 was 65.1 in 1903, 42.6 in 1913, 19.4 in 1923, 12.2 in 1933 and 11.9 in 1936.

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The remarkable improvement in health conditions has resulted in more efficient work and has enabled officers to be accompanied by their wives, an advantage that has made a great difference to the social life of West African stations. It is not only from the point of view of the European, however, that this successful war against tropical disease should be considered. In addition to the work done by the government staff, a prominent part in the campaign against tropical diseases among the native population of West Africa has also been played by the missions, which in certain areas have provided hospitals, doctors and nurses and have established well-organised leper settlements under medical supervision. Throughout West Africa there has been a growing realisation by the natives of the benefits of medical science; in consequence, there is an ever-increasing demand for extended medical and health services. Native administrations, when funds become available, show anxiety to finance the erection of new hospitals and dispensaries and to adopt improved sanitary methods.

The great problem, therefore, with which colonial Administrations are faced is to provide personnel to meet the growing demands. It is quite evident that the needs of the native population cannot be adequately met unless greater facilities are provided for the training of an African staff. The total population of the British West African dependencies cannot be less than twenty-six millions, yet, if one makes allowance for the high percentage of men on leave, it is doubtful whether at any one time there are as many as 250 qualified doctors (including medical men working for missions and those with local qualifications) available for medical work amongst the natives.

Plans to erect near Accra in the Gold Coast a medical school for students from all parts of West Africa were considered by a committee of senior medical officers in 1927, and a very full report recommending its establishment was published in February 1928. It was intended that the school should be attached to a large native hospital,

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which had been erected a few years previously and is one of the best-equipped and most efficient in the colonial empire; and that it would give a six years' training to African medical students, who would be able to obtain qualifications that would be recognised in the West African dependencies.

Although the site for the school had been selected and acquired, the scheme was shortly afterwards abandoned on financial grounds. There may have been some excuse for the postponement of such a scheme owing to the difficult financial situation which affected the Gold Coast at that time, but there appears to be no excuse for its indefinite abandonment. A rough estimate of the cost of the six years' course at the Accra medical school was £780, whereas the cost of training an African in England cannot be less than £2,100, a sum which very few young Africans can afford. As the medical school at Accra was planned to ensure an output of thirty trained men a year, considerable savings would have been possible as soon as an adequate supply of trained Africans became available to replace medical men brought out from England. Quite apart from the question of expense, however, the growing need for a much more rapid expansion of the medical and health services makes it imperative for the Governments of the West African dependencies to undertake the training of local men on a much greater scale than has yet been attempted. It is to be hoped that the decision to abandon the Accra medical school will be reconsidered as soon as possible.

Since the abandonment of the Gold Coast scheme a somewhat similar project has been introduced in Nigeria, where students take a pre-medical course at a higher college at Yaba near Lagos, and subsequently take the full course of training at a medical school connected with the native hospital in Lagos itself. The object of this scheme is to train young Africans as medical assistants, who, after some years' work under the supervision of medical officers,

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can take a course for a diploma carrying with it a doctor's qualifications (recognised solely in Nigeria), and enabling the holders to set up in private practice if they wish. The actual number of men who have attained positions as medical assistants is twenty-six, but so far only three have successfully passed the diploma course. The scheme, however, was introduced only some eight years ago, and it will, if developed, do much to ease the difficult situation in Nigeria. In Sierra Leone a demand for the local training of medical officers has already been voiced, but such a proposal is impracticable in the smaller dependencies such as Sierra Leone and the Gambia.

The establishment of a veterinary service in the north of Nigeria has been of great benefit to that country, where the cattle and other livestock have suffered severely from time to time from sporadic outbreaks of rinderpest and pleuro-pneumonia. Cattle control centres have now been introduced in different parts of the Northern Provinces, where cattle are immunised against epizootic diseases, and the value of this method of treatment has been fully appreciated by the natives. In 1933, following an outbreak of rinderpest in the Gambia, officers from the veterinary staff of Nigeria were seconded to introduce a similar system of immunisation in that dependency.

In the past much of the educational work in British West Africa has been carried out by the missions, which are mainly responsible for elementary education. They have also established good secondary schools. In Sierra Leone, Fourah Bay College, where students can proceed to the Durham B.A., has been developed by the united efforts of the Church Missionary and the Methodist Missionary Societies. The general policy of West African Governments has been to co-operate with the missions by subsidising their schools and at the same time to provide facilities for secondary education.

It cannot, however, be said that the expenditure on education has been on a generous scale. Nigeria, for

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instance, was allocating in 1929 a total of £263,457 out of an estimated revenue of £6,045,621, while for 1939 the figures are: estimated revenue, £6,576,835; estimated expenditure on education, £282,820. An expenditure of 4·3 per cent. of the total revenue seems on the face of it to be very inadequate, particularly in view of the ever-increasing demand for educational facilities that has manifested itself in West Africa.

Higher colleges have been established in the north at Kaduna and in the south at Yaba, and it is in these higher colleges that men are now being trained who will be fitted for posts under the central Government and also in the native administrations. Some of the more wealthy of the native administrations have embarked on large public works, including water-works and electric lighting, and the cost of maintaining works of this character will be much reduced when natives of the country have been trained to take charge of them in place of Europeans.

In the Gold Coast, between 1923 and 1927, large sums were spent on establishing a big educational centre at Achimota, some seven miles from Accra.* The original intention of Achimota was to educate young Africans of both sexes from the kindergarten to the university stage, and the Governor who was responsible for this scheme laid it down as the policy of the Government to introduce Africans into the higher grades of the government service as soon as men qualified by character and education became available. Unfortunately, as a result of the financial depression that culminated in 1931, the annual subsidy to Achimota was reduced from £68,000 to £48,000. When, however, the financial position improved, only £1,000 of this cut of £20,000 was restored, for the purpose of developing the engineering side.

The natural result of this policy has been to curtail the development of the higher classes. In 1926, the Governor

* An article on the college at Achimota appeared in *THE ROUND TABLE*, No. 61, December 1925, pp. 78-95.

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who was responsible for inaugurating Achimota gave it as his opinion that there would be a rapid increase in the number of Africans who would be absorbed into the higher grades of the government service. In that year the number of Europeans in these grades was 481 and of Africans 28. In accordance with his policy he expected that by 1936 the numbers would be 396 Europeans and 148 Africans, but the actual figures were 685 Europeans and only 27 Africans. It is not surprising that the present Principal of Achimota has expressed grave anxiety about the future. He has pointed out that more money is needed to develop the higher classes and has warned the local Government of the dangers with which its present policy is fraught.

The abandonment of the scheme for the local training of medical officers, combined with the failure to absorb young Africans into the higher grades of the government service, are very definite evidence of a reversal of policy, for which successive Governors and the Colonial Office must be held responsible. Furthermore, the failure to organise native administrations in the Gold Coast colony prevents educated young Africans from finding useful employment among their own tribesmen. The large and costly increase of European personnel that has taken place during the last few years has made it clear that financial stringency cannot be pleaded as an excuse for this reversal of policy. Had the 1926 policy been adopted, the actual saving in expenditure would have been very great ; for it was estimated at the time that for each African employed in place of a European the annual saving in the long run would be approximately £500.

Quite apart from this, the anxiety expressed by the Principal of Achimota is well founded ; for unless a more liberal policy can be adopted Achimota may well become a source of discontent instead of fulfilling the high hopes of its founders. It cannot be too strongly stressed that the future of the West African territories depends very largely on the successful solution of their educational problems,

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and on the most careful selection of the men who are made responsible for educational work in those dependencies.

III. ECONOMIC PROBLEMS

DURING the present century much has been done to develop the economic resources of the West African dependencies by improved methods of transport. Harbours, railways and a network of roads have been constructed in Sierra Leone, the Gold Coast and Nigeria. The Gambia is served by the cheapest form of transport of all, namely, water transport, and the products of the country are brought down the river Gambia for shipment at Bathurst.

In Sierra Leone there are now some 350 miles of railway with a terminus at Freetown. The latter is, however, a lighterage port, and it is unfortunate that a deep-water harbour has not been constructed there. The quay-side delivery of products could be effected at an estimated capital cost of between £300,000 and £400,000. This would probably have been well justified on purely economic grounds, but in view of the fact that Freetown must now be re-equipped as an important naval and military base the need for improved harbour facilities is obvious. Since the war, a deep-water harbour has been constructed at Takoradi in the Gold Coast, and there are now 500 miles of railway and a vast network of roads connected with that harbour.

- In Nigeria, deep-water harbours have been constructed at Lagos and Port Harcourt on the Bonny river. Railways, built from these two termini, form a junction at Kaduna in the Northern Provinces and extend up to Kano and N'Guru in the Bornu province, a distance of over 800 miles from the coast. These main lines, with a number of branch lines and a network of feeder roads, have enormously increased the volume of exports, particularly from the Northern Provinces.

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The development of the natural resources of the West African colonies and protectorates, however, apart from minerals, owes nothing to the investment of European capital in production. Except for a few estates in mandated territory and a few concessions in the forest areas, West African Governments have refused to allow the acquisition of plantations by Europeans. West African merchants have merely been middlemen, purchasing the products of the country from the natives for export.

British West Africa is a remarkable example of the extent to which a native population can develop the resources of the country in which it lives. In the Gold Coast, for instance, we find a vast cocoa industry built up entirely by the natives. It is claimed that the first cocoa beans were smuggled into the country from Fernando Po by an African in 1879. At the present time the Gold Coast is the greatest cocoa-producing country in the world, and its peak production in 1936 reached the remarkable figure of 306,982 metric tons out of a total world output of 709,084 metric tons.

Nigeria has also built up a cocoa industry during the present century, and exports from 80,000 to 90,000 tons in a good year. In the south of that country this supplements the produce of the oil palm, which had previously been the main export from southern Nigeria and is still the principal export of Sierra Leone. The Northern Provinces of Nigeria have sent down to the ports of shipment at Lagos, Port Harcourt and Forcados, which is the outlet for produce brought down the river Niger, many hundreds of thousands of tons of groundnuts, and this product has now been for many years virtually the sole export of the Gambia. In Nigeria, on the advice of the Agricultural Department, native producers have substituted Uganda cotton for the native variety, which they had previously grown for their own market but which was found to be unsuitable for the export trade.

It was the oil palm, however, that attracted Europeans

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to the coast in the latter half of the nineteenth century. The oil palm was peculiar to West Africa, but during the present century it has been introduced with success into the Dutch East Indies, where plantations have been established and worked with great efficiency. This development gave West African merchants an excuse for the demands which they frequently made to establish plantations of the oil palm in West Africa, and in the years succeeding the war much was heard of the so-called "Sumatra menace". Those who advocated the expansion of the oil-palm industry by means of European-owned plantations were careful to conceal the fact that the produce of the oil palm is but one of many vegetable oils, all of which can be used for the same purpose: copra, soya beans, groundnuts, all come within this category, and of recent years methods have been found of treating whale oil in such a way that this product also has come into direct competition with vegetable oils.

The advantages of the plantation system in securing better production and more economical methods of collecting the fruit are obvious, but recent developments in the south of Nigeria have shown that the natives themselves can be induced to adopt these improved methods of cultivation and production. They have been introduced with great success in those parts of the country where soil conditions are unsuited for cocoa. In the Southern Provinces, no less than two thousand oil-palm plantations on village or tribal lands are being developed by the natives themselves with the advice and assistance of the government agricultural officers. In other words, there is no justification whatever for any departure from the past policy of the West African Administrations in refusing to allow the exploitation of the natural agricultural resources of West Africa by means of European capital.

The natural consequence of this policy has been that, with the exception of the Gold Coast, violent fluctuations in commodity prices do not have the same serious direct

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effect on the native communities as they have in other parts of the world. In Nigeria, for instance, much of the cocoa is grown by farmers as a supplement to subsistence crops. It is grown for the export market merely in order to obtain money, which is spent for the most part on cloth, hardware and other imports offered for sale by the mercantile firms. The actual revenues obtained by the local Governments depend to a marked degree on the prices ruling for such products as palm oil, palm kernels, cocoa and groundnuts. The great majority of Africans spend freely what they obtain for their products, and when the prices of the latter are low there is at once a sharp decline in the revenue derived from import duties.

A declining revenue invariably results in the curtailment of public services and of public works. The Gambia, where the sole export of any importance consists of groundnuts, was in the past a flourishing little colony with ample reserves. As a result of the deplorable decline in the price realised for that commodity the Gambia is now faced with bankruptcy. Unless there is a marked improvement in world prices, in another year or so it will be unable to maintain the public services of the colony without assistance from the British taxpayer. In his last budget speech the Governor of the Gambia announced that owing to lack of revenue he was unable to proceed with sorely-needed developments in the medical and health services. In the Gold Coast, where all other agricultural products had been neglected in favour of developing cocoa, and where native farmers had in many cases given up planting even subsistence crops, the sudden decline in the price of cocoa has caused real distress.

This decline coincided with the formation of what was known in West Africa as a "cocoa pool". West African merchants had entered into a buying agreement to eliminate competition and the worst features of speculative buying by the native middlemen. This buying agreement caused resentment and a general boycott of the firms. In March

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1938 a commission was sent out to the Gold Coast to investigate the situation brought about by this boycott and its causes. In its report * the commission recommends for the Gold Coast a scheme of co-operative marketing by producers under statutory control. Preliminary estimates of the cost of such a scheme indicate a capital expenditure of some £300,000, in addition to an annual current expenditure of £250,000.

Although advantages might accrue to producers from the scheme, it seems open to doubt whether they would justify so large an expenditure, and it is unfortunate that the commission refrained from any attempt to deal with the root causes of the fluctuations in the cocoa market and the serious decline in the price realised for this commodity. As a result of the commission's enquiry the buying agreement has for the time being come to an end. Although it is now some months since the report of the commission was submitted to the Colonial Office, there has been no indication whether any action will be taken on its findings.

The following table gives average prices for the principal exports from the West African dependencies for the years 1914 and 1919 and at five-year intervals up to 1934, in addition to the price levels for 1937 and 1938:—

	<i>Palm Kernels.</i>			<i>Palm Oil.</i>			<i>Groundnuts.</i>			<i>Cocoa.</i>		
	£	s.	d.	£	s.	d.	£	s.	d.	£	s.	d.
1914	19	14	0	29	7	6	15	15	0	56	0	0
1919	41	0	9	79	12	6	41	0	0	78	10	0
1924	20	18	0	39	12	6	24	12	6	36	0	0
1929	18	3	9	33	12	0	18	15	0	45	0	0
1934	7	3	9	12	12	6	9	8	3	21	5	0
1937	13	8	9	22	2	6	14	2	9	38	15	0
1938	9	13	5	14	0	5	10	8	7	23	18	7

It will be seen that after the war there was very serious decline in prices, until 1937, when there was a distinct improvement. Unfortunately, however, a further decline

* Cmd. 5845.

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has taken place during 1938, and at the end of January 1939 the prices quoted were as follows:

<i>Palm Kernels.</i>	<i>Palm Oil.</i>	<i>Groundnuts.</i>	<i>Cocoa.</i>
£8 16 3	£13	£10 5 0	£20 5 0

Such violent fluctuations of prices have a serious effect on revenue and make an orderly and progressive development of the public services exceedingly difficult, particularly in those dependencies which cannot rely on any large revenue from the exploitation of mineral resources. Fortunately for the Gold Coast and Sierra Leone, there has been of recent years a remarkable development in their mining industries; but Nigeria's principal mineral is tin, the output of which is restricted by international agreement, while the Gambia obtains no revenue from minerals. Furthermore, a mining industry affects only a small proportion of the native population, and the profits from it go to shareholders in Europe.

The prosperity, therefore, of the bulk of the native population must depend on the produce market, and the general trend of prices for West African commodities gives rise to considerable anxiety for the future. Since the war, a great change has come over the West African trade, and instead of there being a number of firms competing with each other in purchasing West African products, and in selling imported goods to native producers, we now find the trade of British West Africa dominated by a large combine. The latter in its turn is under the control of a vast international organisation, which, like some huge octopus, has extended its tentacles over most of the world. This organisation manufactures soap, margarine and other commodities for which vegetable oils are needed, and is in so strong a position that it can virtually control the market price of its manufactured goods, either by the elimination of competitors or by agreement with other manufacturers, and can also influence prices in the produce market. The question must eventually arise whether this powerful

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organisation does not affect adversely the prices paid for raw products, and whether the present low level of commodity prices in West African markets cannot in part be attributed to its activities.

The same policy of eliminating competition has been adopted in the cocoa market. It is well known that the principal cocoa manufacturers in England have combined to avoid competition in purchasing raw cocoa, and, in order to make this policy even more secure, have also joined forces with the combine that controls the vegetable oil market. During the cocoa hold-up in the Gold Coast, a representative of the cocoa manufacturers and a representative of the combine proceeded to the Gold Coast to explain their policy to the West African farmers. Their mission was not a success.

Not long ago the serious fall in the price realised for West African cocoa caused alarm to a section of the West African merchants and induced the Liverpool Chamber of Commerce to urge on the Colonial Office the necessity for arranging an international agreement, whereby producers of this commodity throughout the world might combine to regulate output, and so ensure a fair economic price from the well-organised manufacturers in Great Britain and America. The proposal, however, was immediately opposed in the London Chamber of Commerce by the representatives of the cocoa manufacturers, supported by a representative of the combine, and this opposition succeeded in preventing any discussion of such a scheme.

The British Government will be false to the principles of trusteeship if it allows a situation to develop whereby producers in the tropical dependencies can be exploited by well-organised manufacturers in Europe or America. It is therefore suggested that this aspect of the question should receive immediate attention, particularly as the vast majority of those who are being adversely affected by the elimination of competition are quite unable to protect their own interests, and can merely show their

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dissatisfaction by the hold-up of their produce and the boycott of European firms.

Arguments against government intervention in the West African market and against any interference with the operation of supply and demand have been put forward by manufacturers in England, but arguments of this kind did not prevent government intervention to regulate the output of such commodities as rubber, sugar, tea and tin. In the production of these latter commodities much British capital has been invested, and in consequence the need for securing economic prices for them is urged in England and receives attention. As regards West African products, however, there is a danger that the interests of the manufacturers may receive greater attention than those of producers, who are inarticulate native people. It can be pointed out, however, that an improvement in the prices paid for the raw products of West Africa would necessarily increase the exports of British cotton goods and other manufactured articles to that area.

In the years before the war, it was the policy of the British Government to maintain equal facilities for trade in all our West African dependencies. This policy was modified after the war and a system of imperial preference introduced in Sierra Leone and the Gambia. In the West African colonies and protectorates, where any form of representative government must necessarily be of slow growth, the maintainance of the "open door" should be re-introduced as a policy beneficial to the people by enabling them, impoverished as they are, to buy their imported goods in the cheapest market.

To sum up the situation—although it is true that the present state of the West African produce market does not affect the living conditions of the majority of the people, it does indirectly have serious results by preventing local Governments, through lack of funds, from developing the medical and health services to which some twenty-six million people are entitled.

THE FUTURE IN CHINA

By a Correspondent in China

I. THE MILITARY SITUATION

THE fall of Canton and Hankow towards the end of October marked a turning-point in the progress of the "undeclared war" in China. Since those events there has been an almost complete lull in military operations. The Japanese forces have remained in virtually undisputed possession of their gains; but they have advanced no further. They have not been reinforced from Japan; certain units have been withdrawn from active operations in the south for the task of pacification in the north.

It may well be true that the Japanese advance had outrun its measure, given the territory occupied and the forces engaged. But the pause after the fall of Hankow was not a temporary breathing-space as after the fall of Nanking. Subject to the execution, at some later date, of one or more localised operations, the Japanese army in China has now moved of its own volition from the offensive to the defensive. Henceforth it must turn from the spectacular achievement of victories to the more pedestrian task of pacification. The replacement of General Hata as commander-in-chief of the central forces by a comparatively obscure and junior officer is symbolic of the altered nature of the task to be performed. The operations still contemplated are an advance along the Lunghai railway westwards from Kaifeng, in order to establish through traffic on the Peking-Hankow line, occupation of the entire length of the Canton-Hankow railway, and an expedition into Kwangsi in order to cut the passage of supplies from Indo-China through Nanning. But it is doubtful whether the military advantage to be gained from any of these projects would be

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worth the cost in men and materials; Japanese army opinion still seems to be divided on the matter.

For the Chinese military leaders the fall of Hankow also marked a fundamental change in the character of military operations. They had always stated that it would be the prelude to a different type of warfare—that positional operations on extended fronts would be replaced by planned attacks upon Japanese communications and Japanese garrisons, conducted by independent divisions, without heavy arms, moving over great distances and striking when opportunity favoured. The Chinese armies, drawn back to the west of the Canton-Hankow railway, are being reorganised for this purpose. The Chinese realise that they cannot hope to defeat the Japanese through orthodox military operations. They possess neither the equipment nor the capacity for organisation, neither the knowledge of modern warfare nor the generalship required. All that they hope to do is to keep themselves together as a political entity in the western provinces of China, and to harass the Japanese army of occupation over a wide enough area, and for a long enough period, to prevent it from exploiting its military success and from setting up effective administrative machinery in the territory under its control.

The Japanese army now holds a vast domain. It controls, in the richest and most developed provinces of China, the railways, the principal roads, the main commercial and industrial centres, most of the coastal and river ports—everything, in fact, which has been for the western Powers a source of profit and a channel for trade during the past century. Nothing is to be gained by plunging on into the interior of China.

The Japanese seem to have reconciled themselves to the fact that they cannot “destroy” Chiang Kai-shek and his associates. To this extent they have failed in one of their declared war aims. There will always be a Chinese Government of a sort in the far west of China to keep flying the flag of independence.

THE MILITARY SITUATION

The word stalemate is sometimes used to describe Japan's present position in China. If applied to the military situation it is quite inappropriate. Very few of those who have watched the course of hostilities in China from both sides during the past eighteen months would deny that the Japanese army can go where it wills—even to Chungking—if it decides to make the necessary effort and to expend the necessary quantity of men and materials. Moreover, on all evidence of past achievement, the Chinese are not capable of effective counter-attack. China has yet to produce a military commander with real gifts of leadership and initiative.

Hitherto the activities of the so-called guerrillas have fallen sadly short of expectations. Evidence is difficult to collect and to assess; but it seems certain that the Japanese have experienced no really serious difficulties in maintaining communications, and that their losses, though unwelcome, have not been heavy enough to cause them grave embarrassment or to touch them very deeply. Guerrilla activity has been more successful in the northern provinces than elsewhere—partly because there it has been inspired and instigated by the Eighth Route Army (formerly the Chinese Red Army), long practised in the art of irregular warfare. But even there the guerrillas are now on the defensive, anticipating Japanese punitive operations, which will be hastened forward as troops are released from engaging regular Chinese forces. In the rich Yangtze delta between Shanghai and Nanking the countryside is settling down to conditions approaching normal: railway and road communications seem hardly to be interfered with. In many districts the guerrillas have degenerated into bandits and are feared more by the villagers than by the Japanese conquerors. It is true that the Japanese army occupies only railways, roads and waterways, and that in between these communication threads lie vast unconquered regions controlled by former Chinese local authorities and irregular soldiers, in varying stages between organised units in

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contact with Chungking and thoroughgoing bandits. But, so long as the guerrillas remain content, for the most part, with the exploitation of the districts where they hold sway, and refrain from engaging upon systematic, continuous and co-ordinated raids on Japanese outposts and communications, their presence need not seriously embarrass the Japanese.

Japan is apparently reconciled to keeping large garrisons in China for an indefinite period. Unless the Chinese Government can succeed in making the guerrillas a very much more effective instrument than they have hitherto proved themselves to be, and can provide them with morale, organisation and supplies, the Japanese should gradually be able to consolidate their position in the occupied areas and to develop the sources of income now available to them. At the same time, Japanese squadrons will continue regular and systematic bombing raids on Chungking and Kweilin, over Kwangsi and Hunan—unloading bombs on roads, bridges, waterways, commercial centres and military supply stores, on all and everything affecting the resources, authority and morale of the Chinese Government.

This is a picture that cannot be dismissed out of hand. The Japanese appear to be satisfied that, on assuming a general defensive position, they will be able without excessive difficulty to hold what they now occupy with considerably less than their present forces, which are reckoned at perhaps three-quarters of a million men in China proper. And the Chinese have yet to show proof to the contrary.

II. CAN JAPAN SUCCEED?

IT is a popular view that Japan, although succeeding in a military sense, will eventually fail on account of economic factors—that the enormous direct cost of the military operations, the strain upon Japan's general economy and the effort of pacifying and garrisoning China will

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prove so great a burden that it will eventually bring her to the ground; that Japan cannot command the capital which is essential if her military conquest is to be turned into a profitable commercial enterprise.

It would be a mistake to under-rate Japan's difficulties. These undoubtedly are great, and will probably become greater. Her economic system is seriously strained, and is likely to deteriorate still further. Her foreign exchange position is so weak that she is quite unable at present to remove one of the most formidable obstacles to her success in China. Japan's main economic objective in China is to expand the production of industrial raw materials—especially raw cotton—and to draw increasing quantities of these materials from the interior into the zones directly controlled by the Japanese army, for exchange with goods manufactured in Japan. But, unless the Japanese can provide a desirable currency for purchasing these raw materials, there will be a tendency to restrict production and to set up economic barriers between the interior districts where the Japanese army does not penetrate and the areas under Japanese military control. In these interior districts the currency of the Chinese Government still holds its value.

This problem is closely associated with the question of China's exports. If Japan can gain control of exports, finance them through Japanese banks, and divert them into Japanese channels from the long-established Western-financed and Western-staffed export agencies, she may be able gradually to build up a sufficient fund of foreign exchange to strengthen the currencies that she is trying to establish in the occupied territory.

Japan's difficulties have been increased by the brutality and lack of discipline of her troops. Compared with the days of the Russo-Japanese war the Japanese army has shown, in the China campaign, a marked deterioration in general morale. The lack of co-ordination between military and civilian elements, and the excessive power possessed

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by comparatively junior officers, have been the cause of serious mistakes and have hindered the work of reconstruction. The greed and corruption of some of her agents in China and the narrow-mindedness of her military representatives have made Japan's problem more difficult than it would otherwise have been.

It would be hard to exaggerate the cruelty and rapacity of the Japanese army in China. But at the same time it would be dangerous to attribute permanent feelings of bitterness and hatred to the conquered population. The Chinese are an extraordinarily adaptable people.

In spite of the obvious elements of danger and weakness, it would be rash to assume that, at least on the short view, Japan cannot succeed in China. Until now she has managed to regulate and adapt her economy to meet the stresses that she has placed upon it; and political economists with a taste for prophecy have not in the past been reliable guides to the future of States in process of becoming totalitarian. As for the Japanese occupation of China, it would be unwise to conclude that Japan will be unable to endure the strain of financing her garrisons and that the task of pacification will eventually prove too much for her. Japan neither must nor will pacify China. Her garrisons will occupy certain vital parts of the country, and from these areas she may be able in due course to draw sufficient revenues to support at least the cost of maintaining them. It is by no means necessarily true that unless Japan can obtain capital from abroad to finance the exploitation and reconstruction of China her whole adventure is doomed to failure. Financial assistance from abroad would be welcome; it would certainly accelerate Japan's economic projects and ease many difficulties. But it will not be purchased at the cost of any modification of Japanese policy. This has been emphasised many times by Japanese leaders, military and civilian alike.

It is not an urgent or vital necessity for Japan to embark upon the development of China in the grand manner.

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She can proceed gradually, at her own pace. Already she draws certain revenues from her conquest. Fixed Chinese capital, which has been saved from destruction, has been taken over and is being worked by Japanese interests. In the occupied regions, by exploiting railways, telegraphs, inland shipping and other services, and by levying a toll on goods passing through the main trading centres, Japan can gather revenues and is already doing so.

The gigantic projects of the "development companies" will probably have to wait. And it seems that for some years to come the cultivation and collection of cotton in North China—one of the principal economic purposes of Japan's adventure—will be far below expectations. Nevertheless, unless the Chinese are able to develop a capacity hitherto sadly lacking for co-ordinated and sustained guerrilla operations, only pressure from Powers outside China can prevent Japan from achieving, during the coming decade, a certain measure of success. Without such external pressure, or without a revolutionary change in Chinese military organisation and ability, Japan may in ten years' time be a world Power more formidable and more imposing than she is to-day.

III. THE THREAT TO BRITISH INTERESTS

THE trading and investment interests of America and the Western Powers lie almost entirely in those regions of China that are now under the control of Japan. As the purely military phase of the Japanese invasion recedes into the background, increasing attention is focused upon Japan's treatment of Western interests in China—particularly British interests, since these are the greatest. From the early days of hostilities, Great Britain was singled out by the Japanese army as the enemy, second only to China. In order to excite public sentiment about the China campaign it was politically useful to have an auxiliary foe: Great Britain was a convenient and reasonably safe

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whipping-boy. But the peculiar nature of British investment in China and the actual progress of hostilities made friction inevitable. The deliberately fostered campaign of propaganda against Great Britain inflamed passions which the circumstances would in any case have aroused.

Japan-in-China regards Great-Britain-in-China with feelings of deep resentment. This could hardly be otherwise in view of the fact that British property, British shipping and British treaty rights in China have constituted, in the very nature of things, a protection to Chinese Government agencies during the progress of hostilities.

The property of Chinese officials, the safety of their persons, their publicity, and the banking and currency structure of the Chinese Government, have been sheltered since the outbreak of hostilities in the British and French Concessions in Tientsin, the French Concession and the International Settlement in Shanghai, the French Concession in Hankow and the British crown colony of Hongkong. Within or on the edge of the territory conquered by the Japanese army there remain these rich enclaves, which are a source of profit and a haven of security for officials of the Government against which it is fighting. Its not unnatural resentment has been mainly concentrated against Great Britain. For the International Settlement of Shanghai is regarded by the Japanese as a British preserve (and indeed the administration and the non-Chinese investment are still predominantly British). Shanghai and Hongkong—the two great ports on the coast of China, tempting spoils that elude Japan's grasp—have played a vital part in prolonging China's resistance.

At first Japan moved cautiously where British interests were concerned. As it became clear, however, that the British Empire could be provoked with impunity, caution was discarded. During the past eighteen months, British nationals and British trading interests in China have been subjected to humiliating and almost consistently hostile treatment by the Japanese army. As yet, not one major

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case of violation of British rights or interests has been settled, despite the repeated protests of the British Government. The list of such incidents is a long one and cannot here be treated in detail. In terms of deliberate impediment to trading interests and uncompromising affront to established international rights, the outstanding grievances concern the Yangtze and Shanghai. The Japanese army still remains in forcible possession of about one-half of the International Settlement of Shanghai. This area is the heart of Shanghai; it contains most of the wharves and warehouses; in it is concentrated the bulk of the British investment. And it seems that Japan is determined to keep the Yangtze closed to non-Japanese shipping—which really means British shipping—until her own ships are securely established there.

The Japanese attitude is really inherent in the situation that has arisen. It is much more than a passing phase. Step by step, Japan's position in China assumes a shape that is fundamentally antagonistic to the treaty structure and trading establishment erected by the Western Powers. Japan no longer needs the protection afforded by the treaties. During forty years she has built up her interests in China as a partner in the peculiar protective machinery developed by the West; she has now stepped outside this machinery and into China itself. The Japanese army's attitude towards Shanghai is the same as the attitude of the Kuomintang in the old days. In the mouths of the servile Chinese administrative agencies that it is setting up in the occupied areas it is already reviving the former Kuomintang agitation for the surrender of concessions and the abrogation of "unequal treaties". The Japanese army officer regards Shanghai—its Western character and its wealth—with the same frustrated feelings of jealousy as did the young Kuomintang official a few years ago.

Emphasis has been laid upon Japan's hostility to Great-Britain-in-China: the United States has suffered less, partly because American interests are small compared with British

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interests, and partly because Tokyo, for good reasons, has been most anxious to avoid a quarrel with the United States. France, with her concessions in China, is entering a phase of increasing acrimony in her relations with Japan. But, having little shipping or general trade in China, the French are less vulnerable than the British. The United States, although suffering less provocation than Great Britain, is showing a sterner front to Japan.

On a long view, the interests of all three Powers are menaced by Japan's policy and aspirations in China. But Japan, by flouting their material interests and by treating with contempt their international rights, is needlessly creating deep antagonisms. This is a serious weakness in her present position in China. The machine is not completely under control. It is just possible that the Japanese army may eventually, through its own shortsightedness, provoke some form of external pressure upon Japan, thus conjuring up a process which, if once begun, may in the end deprive her of the fruits of conquest. At present the army seems incapable of relaxing its hold; for it feels that, if it surrenders any part of what it has taken, it may lose some vital product of its victory.

It seems certain that some form of retaliation on the part of the interested Powers is the only possible means of inducing Japan to mitigate her campaign against their interests in China.

IV. THE NEED FOR ACTION

THE British stake in China is an investment interest rather than a trading interest. Much the most important part of it is concentrated in Shanghai, where the direct investment—trading enterprises, factories and shipping operated and controlled by British companies on the spot—is computed at not less than £150 million, and where about eight thousand British nationals live. This is a foreign commercial dominion that has no exact parallel elsewhere.

THE NEED FOR ACTION

To-day there is much talk about the opening up of China's south-western provinces, and it is suggested that here British trade may find some compensation for its losses in central and northern China. Although, however, rapid changes are taking place in these provinces, their natural resources are sparse and they are likely to subside into their former obscurity when more normal conditions return to China. The commercial, as well as the military, potentialities of the Burma-Yunnan corridor are apt to be exaggerated. Shanghai and the Yangtze for the past hundred years have been the source from which Great Britain's profits have flowed, the real heart of British interests in China.

The course of our trade with China since the great war has led us to regard this market increasingly as an outlet for capital goods—equipment for railways and industrial plant. Our established trading organisations, before the blow fell in 1937, looked forward to expanding business in railway materials and factory machinery. These once bright prospects have disappeared. Japan's officially promoted "development companies" are to have monopolistic control of communications, public utilities and major industrial enterprise in North, Central and now South China. These companies would doubtless in due course welcome British capital, but only in order to facilitate the transfer to China of Japanese capital goods. All experience of the past, all knowledge of what has happened in Manchoukuo and what is now happening in North and Central China, confirms the view that, with Japan entrenched in China, British investment and the trade dependent upon it will steadily decline.

British-built railways are to-day being operated by the Japanese army for the profit of Japan. These railways used to represent, in materials, replacements and locomotives, a regular outlet for British trade. Under Japanese control it seems almost inconceivable that they can ever be so again. In her efforts to get the export trade into her own hands,

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Japan is establishing a stranglehold on British trading interests in Tientsin, Hankow and Tsingtao. These interests are considerable and long-established. But their chances of ultimate survival are slender if the Japanese continue their present policy unchecked.

This picture is to some degree obscured by the fact that certain British concerns in China are at present conducting operations at a profit. As a result of the destruction of Chinese fixed capital and the abnormal conditions created by hostilities, much unexpected business has come to the established British trading interests. This has enabled the British communities residing in China to survive the impact of the "undeclared war" much less distressfully than might have been expected, and it has given rise to a belief that British vested interests are so deeply entrenched that Japan cannot eject them. These interests are indeed built upon strong and well-laid foundations, and they will not disappear overnight. But it seems equally certain that, under Japanese pressure, they are facing, and must face, increasing difficulties. The fact that they have not suffered more hitherto has been due to temporary and abnormal conditions. The Japanese have been engaged primarily upon the prosecution of hostilities: it is now, as they settle down to exploit their conquest, that British interests begin to feel an inexorable tide running against them. They see closed to them inch by inch those long-established channels for trade and commercial activity upon which in the long run the investment structure that they have created is dependent.

Almost to a man, British merchants, bankers and investors in China regard Japan's conquest as a vital menace to the interests which they represent. They have come to the view that the only possible remedy lies in the application of pressure to Japan in fields, economic and financial, outside China. It is felt that there has been an exaggerated fear of "incidents" and their possible consequences in dealing with Japanese authorities in China, and that the

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progressive deterioration in Anglo-Japanese relations will continue unchecked unless or until British Government agents on the spot are empowered to act more resolutely in dealing with Japanese violations of British rights and property.

It is also felt that only some form of economic retaliation can induce Japan to relax her pressure on British trading interests. It is realised that the adoption of a policy of economic reprisals against Japan has serious disadvantages both in practice and in theory. The Dominions, whose major commercial interest in the Far East lies in exporting industrial raw materials to Japan, might in the ordinary way be opposed to it; and there are perhaps people in the City of London who still cherish the idea of lending money to Japan for the exploitation of China—apart from a very natural preoccupation with the question of safeguarding the service of past loans to Japan. But the issues involved are so far-reaching that no part of the British Commonwealth can ignore their ultimate implications. Apart from the question of imperial policy, the attitude of London loan markets is not necessarily the same as the attitude of those who hope to preserve their investments in China and to survive there as British traders and entrepreneurs, conserving a trading structure that it has taken a century to build up.

The Japanese discount the risk that retaliatory measures may be taken against them: they feel fairly sure that words will not be followed by action, and they count upon the continuance of three factors that have hitherto been of inestimable value to them—the economic and political weakness of Russia, the schism among the great European Powers, and the isolationist sentiment in America. To-day there are signs—a few small clouds on the horizon—that the third of these three elements in Japan's good fortune may be the first to melt away.

Great Britain must not rely unduly upon the United States, and it is vitally important that her politicians and

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newspapers should not give the impression that she is doing so. But it would be a tragedy if she failed to swim with any current that might lead to Anglo-American co-operation; it is essential to let the United States feel that Great Britain will not lag behind her in any action that she may decide to take in the Far East.

It is the general belief among the British communities in China that, if the Japanese can be shown—even by a few intrinsically unimportant measures—that retaliation as a British Commonwealth policy can be made a reality, they will relax, not intensify, their pressure against British trading interests. These communities, however, are fully prepared to face the risk of a temporary increase in their difficulties—believing, as they do, that the outlook for British interests is hopeless if Japan is permitted to succeed—on condition that the British Government embarks upon a long-term policy designed to prevent Japan from becoming sufficiently strong economically and financially to strengthen, and finally to consolidate, her hold upon China. In this connection, two factors must be taken into account. The first is the paramount importance of Shanghai and the Yangtze. The second is Chungking. On present appearances it seems that the “undeclared war” may be transformed imperceptibly into an “undeclared peace”, with Japan building up her position in the occupied territory while the Chinese Government, incapable of dislodging Japan, gradually loses power, authority and prestige. Political elements in favour of coming to terms with Japan may gain strength, and the Chungking régime may finally disintegrate. To assist the Chinese Government to maintain itself militarily and financially, and to support the morale of its adherents, is the natural corollary of a policy designed to limit the scope of Japan in China. It may soon be too late.

NEW ZEALAND VOTES LABOUR

I. THE ELECTION RESULTS

AS the following figures show, the general election, held on October 15, produced relatively small changes in the party composition of the House of Representatives:

	Old Parliament	New Parliament
Labour . . .	55	53
Nationalist . . .	19	25
Other . . .	6	2

The two Independents will usually support opposite parties, so Labour has an effective majority of 28. All Ministers were returned.

These figures, however, give no indication of Labour's sweeping victory at the polls. In the 1935 election most of the contests were three-cornered (National—Labour—Democrat), and no fewer than 35 members of the last Parliament represented minorities of voters in their electorates. In the recent election, on the other hand, there were straight contests between Nationalists and Labour in 68 of the 76 European constituencies, and in the new Parliament only one member, a Maori, is a minority representative. A comparison of the voting in the two elections shows clearly the swing to Labour and the lack of support for any but candidates of the main parties:

	1935		1938	
	Votes	Per cent.	Votes	Per cent.
Labour . . .	392,927	46.1	530,432	56.1
Nationalist . . .	280,152	32.8	388,213	41.0
Democrat . . .	66,696	7.8	—	—
Other . . .	112,759	13.2	27,763	2.9

The percentage of electors who went to the polls was very high, the average being nearly 93 per cent. In general it was the urban vote that favoured Labour; its

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new seats are all urban and four of them are metropolitan. The Nationalist gains are in the country, 22 of their seats being dominated by a rural vote. Notwithstanding the guaranteed price it was the dairying districts that returned Nationalists. Doubtless the weightage, or quota, in favour of the country enabled the Nationalists to win a few seats; for, while this quota is nominally 28 per cent. of the population of an electorate, it actually varies from 50 per cent. to 100 per cent. of electors because of the difference in the age-distribution of the population in rural and urban areas. It is easy to realise, therefore, why the rural areas fear the loss of the country weightage and why Labour leaders were reluctant to state their policy on this question.

The reputation of democratic government was not enhanced by the methods employed by either party; for there was little attempt to appeal to the sweet reasonableness of the voters. In the main the election campaign was characterised by propaganda based on fear. It was an election of bogies. Though the more responsible of Labour's leaders did not blame the Nationalists for the depression of 1931, their example was not followed by a great many of the smaller fry. The Labour propaganda was of a kind that would lead the reader to imagine that if the Nationalists were returned it would be difficult to avoid another slump, with all its dire consequences. The propaganda of the Nationalists was even worse, for they went overseas to find the evils that might be confidently expected if the people were stupid enough to vote for Labour. Tragedies in Spain and Russia were depicted as if similar events would be the inevitable consequence of the return of Labour to power. Such methods only inflame emotion, drive a wedge between different sections of the community, and embitter social relations. If democracy is to live, it must in the first place learn to fight its elections on a higher plane and with more intellectual and less emotional weapons.

THE ELECTION RESULTS

Nearly all the newspapers were against Labour, whose spokesmen complained bitterly of unfair tactics—a complaint, indeed, that was rather over-worked. The election results seem to indicate that the press as a means of influencing public opinion is a dying power. Other forces, such as broadcasting, are taking its place. To a large extent the papers have only themselves to blame; for on the whole they failed to take an objective view and on occasions resorted to doubtful methods. On the morning of the election, under the title “Defend our Freeland”, the *Dominion* (Nationalist, Wellington), published a leading article in which readers were told that the recent fearful European crisis was created mainly by a system of government under which a socialist dictatorship had deprived the people of freedom, and it warned the electors that it was this system that the Labour party desired to introduce into New Zealand.

To-day you will exercise a free vote because you are under this established British form of government. If the socialist Government is returned to power your vote to-day may be the last free individual vote you will ever be given the opportunity to exercise in New Zealand.

Before the poll almost all the press was agreed that the election issue was for or against socialism. Yet no sooner were the results known than leading newspapers declared that the voting had nothing to do with this issue.

On the other hand, the Government took a very unfair advantage of its control of broadcasting by allotting time over the air, not on the basis of an equal contest between two parties, but in proportion to the representation in the old Parliament, which was already dead. Further, the use made by the director of commercial broadcasting of his privileged position did credit neither to himself nor to the Government that permitted it. Both sides attempted to arouse the public's passions, and their success in doing so increased the difficulties of post-election problems. There was, however, less interruption of meetings and less

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horse-play by irresponsible hooligans than in many previous elections. For this the credit was mainly due to the Minister in charge of police (Mr. P. Fraser) and the Commissioner of Police, who made it plain that those who broke the law in this respect would be brought to justice. Determined action scotched this method of attempting to defeat democracy. The increased interest in the election and the large vote were due primarily to four causes: the practice of broadcasting parliamentary debates, as a result of which the mass of the people had grown more politically-minded; the aftermath of the depression, which had made many electors realise how closely political action might be connected with their own immediate welfare; the energy that was thrown into the contest by the two parties, each well organised for what it felt was a decisive battle; and the fact that polling day was a Saturday and beautifully fine.

II. THE BACKGROUND OF THE ELECTION

THOSE who were greatly surprised or perturbed by the result of the election sought an explanation in many different directions. Failing to find it, they came to the conclusion that a political revolution had occurred overnight. This seems to be very far from the truth. A review of the past forty years throws light on a result that may otherwise appear inexplicable to those staggered by defeat. Even before, but more clearly since, the days of Seddon, there has been in New Zealand a movement to ameliorate the condition of the masses, a movement in which it has been impossible even for nominally conservative Governments not to play a part. In the closing years of the last century, the movement was manifested in the social legislation that made New Zealand famous. That legislation aimed at shorter hours of labour, higher wages, safer and more hygienic conditions of work, and some provision for the old age of those who had been

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unsuccessful in the economic struggle. This movement continued in the present century, but varied its pace with different Governments and varying economic conditions. The success of the Labour party in 1935 implied no fundamental change, but the tempo of the movement greatly quickened. Side by side with this movement, but not altogether independent of it, another movement has developed, aimed at the more equitable distribution of the national income. The accelerated pace of these trends can be largely explained by the psychology induced by two experiences through which New Zealand passed between 1914 and 1934.

The great war brought home to many people that the heaviest burdens of civilisation may be placed on the shoulders of those who do not receive a fair measure of its benefits. The events of 1914-18 drove the iron into the souls of many of our citizens. There arose a genuine desire that returned soldiers should be treated as liberally as circumstances would allow. The mass of the people never wavered in their view that these men and their dependents should not be compelled to struggle for a livelihood under unfair conditions created by their absence on active service. No Government since the war has escaped criticism for its failure to deal even more generously with some aspect of this many-sided problem. It was not unnatural that the question should be raised: if this is done for soldiers, why not for civilians?

The depression years produced the occasion. The community was brought face to face with the fact that national burdens may be unequally distributed in peace as well as in war. There were thousands who believed that in this crisis the coalition Government failed, failed to consider welfare as against wealth. No doubt the slump produced a new and difficult problem for those in political power. Mistakes may be forgiven, but the attitude of mind that makes public men think first of wealth and then of welfare is liable to produce, not only in the sufferer but

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also in the sympathetic onlooker, a deep and lasting resentment. This resentment was increased, at the time, by the action of the Government in extending its life for a year and thus refusing to allow the people to pass judgment on its policy at the end of the normal life of Parliament. This additional year brought nemesis; the forces of resentment showed themselves in the 1935 election. The Democrats coming into the fray gave Labour its opportunity, but the effective force was the electors' resentment against the actions of the coalition Government.

Furthermore, the financial manœuvres of the war period seemed to many people to justify a belief that some of the evils of modern economic life could be traced to monetary sources. All over the world, currency methods were in the melting pot. The old system based on gold was thoroughly shaken, even where it did not disappear. Nor were there wanting optimists who thought that the gate of currency manipulation led to paradise. Although history shows that this road leads to disaster, there is no gainsaying that these opinions exerted a powerful influence in the 1935 election.

And although the Douglas Credit Movement withered away almost as rapidly as it had blossomed, nevertheless it can be said finally that the Douglas Credit Movement's activities were the corridor through which tens of thousands of voters entered the Labour party.*

No one can deny that during its three years of office the Labour Government made wealth subordinate to welfare; indeed, the main criticism has been that not enough attention has been paid to the junior member of that partnership. The accumulated funds in London and the years of rising prosperity made the task of the first Labour Government easy; perhaps, as it may now seem, too easy. But the Government was certainly animated by a humanitarian spirit, and was trying to carry out more fully and

* *Socialism in New Zealand*, by J. A. Lee, Under-Secretary for Housing.

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effectively the political tradition of half-a-century, the raising of the standard of living of the mass of the people.

In the pre-war year social services expenditure was £2,123,815; in 1931 it had risen to £10,587,858, the population increasing from 1,154,000 to 1,500,000 over the same period. For the year 1935-36, at the end of the depression in New Zealand, it was £14,313,331. With the restoration of salary cuts and the notable extensions brought about by the Labour Government the 1937-38 figure is estimated at about £18,000,000, £11 per head as compared with £9 5s. 6d in 1930-31 and £1 17s. 1d in 1913-14.*

The success of the Labour party in the 1938 election thus seems to have been due to a number of influences working together. Its policy was in line with the traditions of this country. In the direction of social reform a great deal had been done by members of the Opposition party. Under Messrs. Massey, Coates and Forbes, the state assumed many important functions in the control of industry and in the improvement of social services. New Zealand had become familiar with experiments in state socialism. The world situation could not fail to make her people aware that other countries were facing similar economic problems and were dealing with them by methods not formerly regarded as orthodox. The general atmosphere was unfavourable to orthodoxy. Labour had seized the opportunity of 1935 with both hands, had acted vigorously and had thus added the "propaganda of the deed". Masses of people could see the effect of this in their daily lives; higher wages, shorter hours, longer holidays, better pensions, these were manifestations that all could understand. Even the Nationalists, therefore, however much they might discount Labour's achievement as the by-product of prosperous times, could not deny that the Government had made a radical and far-reaching effort to place the claims of welfare before those of wealth. On

* *Contemporary New Zealand* (Oxford University Press, 1938).

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election night the Minister of Finance (Mr. W. Nash) said :

We know the tasks before us. We will not divert to the right or to the left ; we will go straight ahead to build a better country than ever before and while we are building it we will keep our feet on the ground. We will keep trying for greater, brighter, better things for everyone but more particularly for the bottom dog.

Labour, therefore, had given much and promised more.

On the other hand, however much the Nationalist party attempted to dissociate itself from the abused coalition Government, by change of name and by change of leader, it failed to do so ; the line of descent was too clear. The leaders of this political group seemed to have no realisation of the psychological effects of the depression period. It is easy enough to record results in terms of numbers unemployed and sums spent in relief, but who can measure the effect on the outlook on life of those who suffered ? Indeed all those who acted on unemployed councils, those who visited the camps for the unemployed, ill-equipped as they were for human welfare, however adequate for human existence, members of social and religious agencies that took part in the efforts, private and public, to mitigate the evils of those years, all had their emotions stirred and their attitude towards political problems profoundly altered. Many of those who occupied the middle ground between the contesting parties cast their votes in favour of Labour. Politicians now know that resentment has a much longer life than satisfaction.

In the circumstances, the actual result could have been prevented only by a dominant and popular leader at the head of a party pledged to support a policy liberal enough to attract voters in the middle ground. But the Nationalist party met these requirements in neither respect. Its leader had been Minister of Unemployment in the coalition Government, and the real policy of the party was merely negative. It was against socialism. But negatives seldom move human beings ; in any case, the bogey of socialism

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carried no fears for New Zealand except, perhaps, in the country districts where the farmers feared the socialisation of their lands. This appeal was particularly weak when made by a party some of whose members had been responsible for so many socialistic changes that when Labour did come into office it found all the leading cases decided in its favour. It had but to extend and develop the machinery that its predecessors had provided.

It will be seen that the Labour Government of New Zealand inherited an economic structure which contained more socialism than any economic structure inherited by any democratic Government of socialistic intention. The foundation existed when the Party was given the opportunity.*

On its positive side the Nationalist platform was little more than a weak imitation of, or alternative for, some planks of Labour's platform. In view of the Nationalists' anxiety about the financial position, many of their own supporters were doubtful whether the promises made by the party could be redeemed if it were returned to power. Thus the criticism of extravagant expenditure fell on deaf ears.

New methods of stimulating the feelings and imagination of the people and enlarging their knowledge were also important. It was certainly an effective move for the Labour party "to put Parliament on the air". While Parliament was sitting, the time of the main broadcasting stations was given up to its debates. By these means thousands of electors, who developed the habit of listening in, made more vital contact with political discussions than ever before. As recent American experience has shown, to many people the broadcast comes "as a voice from on high". To this wooing through the ear was added the appeal to the eye of the striking films prepared by the Minister of Public Works. He showed how the people's money was being spent by his department and what surprising results were being economically obtained. But who

* J. A. Lec, *op. cit.*

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can say what was the purely emotional effect of seeing the machines in action?

The selfish material argument—that of loaves and fishes—was certainly important. The contrast between the years of depression and the years of prosperity exerted a powerful effect. On the basis of their actual experience large numbers of people—skilled and unskilled workers, shop-keepers, civil servants—had little doubt that they personally would be better off under the Labour régime. Special legislation had considerably improved the positions of clerks and farm labourers. Social security was promised in the future. On this ground Labour must have scored heavily. Trade unionism had been rapidly extended through compulsory unionism, whereby large numbers were brought directly into contact with the propaganda of the Labour party. The fact that unions were permitted by law to make contributions from their funds for political purposes provided financial strength for Labour. By these forces the Nationalists were defeated and Labour was carried to power.

III. AFTER THE ELECTION

WHEN the election was over, the Prime Minister said that there was nothing new to report, that there would be no changes in the Cabinet and that the immediate task of the Government was to consolidate its position and prepare for the operation of the Social Security Act in April next.

The first thing we have to do is to establish ourselves where we are. . . . We are like an army; it is no use reaching a particular point unless you can hold it. We want to make it quite clear to those who have money to invest that it is our job to see that it is not driven overseas. That is a pure economic problem; it is not a question of politics or advanced ideas. It is just plain fact.

The Government, however, was not to be free to give its mind to consolidation, administration and the difficult

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problems connected with social security. Two questions forced themselves to the front: industrial disputes and finance. Hardly had the election results been recorded than the Government was faced with a series of strikes, threatening to interfere with production, on the extension of which, so Ministers said, depended their power to carry out their policy. The most important of these industrial troubles were a strike of the 1,600 workers at the Otahuhu government railway workshops and a ten-day waterside strike at Auckland, involving nearly 100,000 tons of shipping. Fortunately, Ministers stood firm, and all the strikers returned to work and submitted their disputes to the existing tribunals. If the aim was to bring pressure on the Cabinet, the strike weapon failed. But the situation was a difficult one for the Government, and Ministers urged the workers to adopt a more reasonable attitude. The Minister of Public Works (Mr. R. Semple) said that it was time disgruntled minorities in trade unions woke up and realised that in fomenting stupid, comic-opera strikes they were enemies to themselves, to their unions and to the country.

These industrial disputes came at a very inopportune time; for the Cabinet was about to launch a campaign to increase production by inviting producers, manufacturers and workers to combine in producing more goods, primary and secondary, in order that exports might be increased and imports be diminished by the substitution of goods made locally. Government action in this direction was stimulated by the drain on London funds and the increasing indebtedness of the Government to the Reserve Bank. In March 1936 the net overseas assets of the banking system totalled about £NZ.44 million. Apart from seasonal fluctuations, however, they had dropped steadily. At the end of June 1938 they were about £NZ.26 million, and since then they had fallen rapidly to £NZ.8 million at the end of November. The reserve ratio of the Reserve Bank had fallen since June 1938 from 75.8 per cent. to 32.68 per

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cent., the legal minimum being 25 per cent. Professor Tocker of Canterbury university college estimated

that the fall of about £18,000,000 in London funds from May 1938 to the present was accounted for to the extent of approximately £6,000,000 by excess imports, about £9,000,000 by the normal seasonable variation in the state of the funds, and about £3,000,000 by the export of capital, though the last figure was one that could be nothing more than a wide approximation.

The Government had called on the Reserve Bank to an increasing extent for advances other than those for the Marketing Department, the total having risen steadily from £4.5 million to £8.5 million. The note circulation had increased from £8.8 million in September 1937 to £9.8 million in September 1938, and to £14.5 million at the end of November.

On November 19 a danger signal was hoisted when the Reserve Bank raised the discount rate from 2 per cent. to 4 per cent., but as there is no bill market in this country the significance and influence of this change were difficult to estimate. The event caused widespread uneasiness in the business world. In view of the national programme of expenditure it seems strange that the Minister of Finance had not seen that a monetary stringency was likely to arise and did not take steps to counteract the influences at work. Business people naturally began to think of the course the Government would follow. Would it reduce expenditure, especially on public works? Would it raise the exchange premium in London? Would it raise a loan in New Zealand? Would it raise tariffs? Would it ration imports and license exports? Though there was a precedent for the last measure, there seemed to be so many solid political objections to any of these suggestions that the public were left guessing.

The Prime Minister announced that social security would not be postponed and that the country must organise itself to produce more both of primary and of secondary goods; and early in December the Government began over

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the air a campaign to stimulate production. It was suggested that the Bureau of Industries had a scheme for developing secondary industries, but no indication of its nature has yet been made public. It was obvious, however, that the position of the London funds could not wait on the course of production, which had actually decreased. For the ten months ending October 1, the excess of exports over imports was over £11·5 million in 1937, and in 1938 less than £4·4 million.

IV. CONTROL OF EXPORTS AND IMPORTS

ON December 6, regulations empowering the Government to license exports and to control imports were notified in the *Gazette*, which also contained a notice by the Minister of Finance suspending the statutory obligation of the Reserve Bank to pay out sterling in exchange for its bank notes. In making the announcement in the press the Minister said :

The purpose of the regulations and the control are to conserve our overseas funds to ensure that our debt commitments (local body, national and private) are met on their due dates, and that the payments for essential imports are fully provided for. The necessity is due to the continuous decline of our sterling funds on account of over-importation, particularly during the past two years, accentuated by capital transfers during the past year.

The Prime Minister was reported as saying that there was no alternative to the present plan of regulation except to reduce the standard of living, and that the Government was totally opposed to that. All export and import trade has been brought under licence in order that the use of overseas funds may be subject to the direction of the Reserve Bank. In regard to exports, the licence is issued only if the exporter undertakes to sell the foreign credits arising from the sale of the exports to one of the trading banks in exchange for New Zealand currency. In turn the trading bank, except in cases approved by the Reserve Bank, must pay to the

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latter or its agent the oversea credit in exchange for the equivalent in New Zealand currency. No goods may be imported except under licence. The administration of this difficult work is entrusted to the Customs Department. Licences for export are of three kinds: general, particular, and purchaser's; general licences will be issued by the Comptroller of Customs, the other kinds by collectors of customs. Applications for licences to import must be made to the collector of customs at the port of entry.

It has been announced that in dealing with applications to import the authorities will aim at providing (i) for oversea debt services; (ii) for the purchase of goods and materials, preference being given to those which constitute essential requirements and which cannot be produced to advantage in the Dominion. While the Minister of Finance said that the change had been rendered necessary by the decline in sterling funds, the Prime Minister informed the press that it was not an emergency measure but "the practical expression of our insulation plan". Questioned concerning the duration of the control plan, the Prime Minister said, "It will be for ever, I hope". The Government pointed out that a similar plan had operated in December 1931, when the fall in the value of our exports was deemed to require an exchange pool in order to ensure the service of oversea debts. On that occasion it was purely an emergency measure, lasting until June 1932, and was administered through the trading banks. On the administration much will depend. If the scheme is part of an "insulation" plan, and all the details of administration have been thoroughly worked out and an adequate and competent staff provided, the business community, however much it may dislike it, will be able to adjust itself to it. But if, as seems likely, the plan has been forced on the Government at short notice and without adequate preparation, the resulting delays and irritations may give rise to endless troubles, great losses and further unemployment.

The Government intends to raise locally a loan to

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meet capital expenditure on railway and electrical equipment and other public works. No details of the loan are yet available, but in view of the price of government stocks it will not be an easy matter to fix a rate of interest that will attract the required capital. In any event it has become clear, even to Labour, that it is unable to keep the promises with which it wooed the electors without raising the cost of living. The price of butter on the local market has been raised in line with the increased guaranteed price, a 10 per cent. increase has been announced in railway fares and freights, increases in some postal rates have been made, and most commodities have risen in price. Already there are indications that as a result of increasing costs there will be demands for further increases in wages, and consequently greater difficulty in maintaining the output of industry, to say nothing of increasing it as the Government's policy requires.

It is the pace with which Labour has moved, and some of the methods it has employed, that have caused anxiety among those who desire to live in a more stable economic and social world. The general policy of social amelioration is not likely to be an issue at any future election. The pace at which the policy can be most safely implemented, and the methods that are most likely to bring about the desired changes without producing economic and social instability, these are questions on which there may well be differences of opinion. It is probable that in the future political parties will struggle, not over the aim, but over the means. New Zealand has moved on. Whither? That is still doubtful and only the future can decide. The next few years will determine whether the Labour Government can develop means and power adequate to its purpose, or whether, acting too hastily and without foresight, it will fail, and set back rather than advance social progress.

New Zealand,

DUST BOWLS OF THE EMPIRE

I. HOW SOIL EROSION HAPPENS

LATTERLY the popular imagination has been moved by spectacular accounts of the dust storms which enveloped in darkness great areas of the middle and eastern United States during the summers of 1934 and 1935. After a season of drought, the searching winds that gather strength on the open plains of the middle west were able to lift the lighter particles of the cultivated soil and carry them westward even into the Atlantic. The most stricken area, stretching from eastern Colorado to the "panhandle" of Texas, became known as the "Dust Bowl", but similar destruction was at work even across the frontier in Saskatchewan and Alberta. The public heard of the darkness that fell upon the cities and of the householders' losses from the all-pervading deposits of grit and dirt, but more serious was the fact that from millions of acres the few fertile inches of top soil had been blown away, until the farms would no longer yield a paying crop. It has been doubtless no small factor in the continuance of financial depression in America that so much land in the west, carrying mortgages and often charged with further indebtedness for implements and the like, was suddenly found to have lost its value and could hardly be expected to become productive again for a generation.

For some years before these events, similar problems had been demanding the attention of the Governments in Africa; the evidence accumulated in the reports of the Drought Investigation Commission of South Africa (1923), the Native Economic Commission of South Africa (1932), the Kenya Agricultural Commission (1929), and the Kenya Land Commission (1933), all showed how rapid was

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becoming the decline in the productive capacity of much of the land in Africa, though rain rather than wind was the agency removing the soil.

Thus from one source or another there sprang up a general consciousness of the gravity of the problems presented by soil erosion in almost every country where recent settlement or the growth of population had led to an intensification of agriculture.* Specialists had often reported on particular cases, but their warnings had carried little weight with Governments, who are occupied more with the political aspects of agriculture than with the fate of the land. At last, however, Governments have been forced to realise that matters cannot be allowed to drift, even though the measures that must be adopted in order to preserve the land as a means of production involve actions of a kind to which all Governments are most averse, namely, interference with traditional methods of farming and the right of a man to do what he likes with his own land.

The question has always been asked whether the land may not be exhausted by continuous cropping, since with each crop is taken away some of the elements of fertility of which there is only a limited stock in the soil. Just forty years ago, Crookes warned the world of the approaching shortage of food through the exhaustion of the nitrogen content of the soil. He indicated that the threat of famine would be removed by the chemical processes of bringing the nitrogen in the atmosphere into combination, which were then in their infancy. But Crookes had failed to take into account the biological processes whereby nitrogen is brought into combination and fertility restored, actions that had been the foundation of good agricultural practice in western Europe since the time of the Romans and in China for an even greater period. Before artificial

* *Erosion and Soil Conservation*. By G. V. Jacks and R. O. Whyte. Bulletin No. 25 of the Imperial Bureau of Pastures. (Aberystwyth, 1938.) Also Bulletin No. 36 of the Imperial Bureau of Soil Science. (Harpenden.)

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fertilisers were thought of, English farmers had learnt a rotation that would maintain the production from the land indefinitely, while the Chinese with their composting methods were keeping up an even higher level of fertility. But the men whose conquest of the prairies of the middle west of North America, of the pampas of South America, of the wheat-belt of Australia, let loose that flood of wheat and other food which enabled the population of the world to take its unprecedented upward leap in the nineteenth century, were rarely farmers in any real sense of the word. They were simply miners of whatever fertility had accumulated through the ages in the virgin soils.

Native cultivators in Africa and elsewhere are also miners; they clear an area in the forest and cultivate it for three or four years until fertility declines and weeds grow troublesome. Then they move on to another plot, leaving the jungle to reassert itself, and after a period ranging from ten to thirty years the abandoned area becomes ready for cultivation again. With increased numbers, however, the land available for this shifting cultivation may cease to be adequate; the turn of any particular piece of land to be put again into cultivation comes round before the soil has had time to recover its fertility.

We have thus two forms of soil exhaustion at work—the natives who are practising the most primitive of all kinds of farming, and the modern migrants into the new countries, who are armed with tractors and other power implements. Both are reckless of the fate of the land because they believe that the supply of land is unlimited and they trust to moving on. Both natives and settlers have to learn the same lesson—how to cultivate their land so that it will retain its power of yielding crops continuously for an indefinite period. This necessity has become the greater because the exhaustion of fertility is generally accompanied by physical removal of the soil itself. The methods of cultivation that reduce the stock of plant

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food also expose the soil to attack by running water or by wind.

Soil erosion is no new phenomenon; within historic times it has contributed to the impoverishment of Greece, Calabria and other lands in the Levant, and it was even a factor in the decay of ancient Greece and of the Roman Empire. The hill country of Palestine has been described as an artificial desert. In these regions the rivers possess no extensive catchment area, though they take their source in a mountain region and have a rapid fall before reaching the zone of meadows and cultivated land that precedes their entry into the sea. The high watershed in which the rivers take their rise was originally clothed with forest, and the lower slopes again would be forest and grassland before the cultivable lowlands were reached. But all too commonly these forests have been recklessly destroyed. Timber and firewood have always been needed, but it has taken man a long time to learn that the forests must be put under strict regulation if the supplies of these necessities are to be maintained. Even more destructive than felling for timber has been the spread of grazing; goats are the worst sinners, for they prevent the natural regeneration of forests by eating off all the seedlings.

When the forest cover is destroyed, any heavy rainfall soon begins to gather into a running stream, which finds places where the surface has been broken; there it bites and begins to wash away the soil. The scar extends downwards and spreads laterally: it is only a question of time before the whole of the soil is removed from the steep slopes, which are laid bare down to the rock or the hard and infertile sub-soil. At the same time, the streams become overcharged with the silt-laden water; the rivers flood rapidly and deposit their burden of sand and mud on the meadows or in the quiet reaches of the lowlands; the harbours at their mouths become choked with deposits from the uplands. The rivers become subject to floods in the rainy seasons, and are stagnant and malarious pools in the dry periods; the

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agricultural value of the catchment area may be minimised. At some later period a reclamation scheme may drain the marshes and canalise the flood channels, and, by impounding some of the water for irrigation, recover some fertile land for cultivation. Such indeed has been the history of the Pontine Marshes.

It was the spectacular dust storms of the United States that first brought soil erosion conspicuously before the public. President Roosevelt established the Soil Conservation Service in order to carry out certain work under the "New Deal", the scope of which may be best appreciated from the report of the Land Planning Committee of the National Resources Board, presented in 1934. This organisation has been a great educator beyond its direct work of regenerating many of the wasted areas of the United States. It has taught the public that a river basin has to be treated as a whole, that soil erosion is a problem that affects the whole community. Deforestation near the head waters alters the régime of the river into an alternation of floods and droughts; to meet the latter the river may be dammed to store the flood water for irrigation, but then the reservoirs silt up rapidly with material eroded from the uplands. The river-bed also rises as the silt deposits accumulate, and the banks and levees have to be continually raised until the river becomes high above its former flood plain, more dangerously situated than ever.

The Soil Conservation Service has been the chief instructor in methods of dealing with erosion, just as it has been the chief agency in that necessary first step of making people erosion-conscious. For, as one Director of Agriculture in Africa remarked at a recent conference, "if you want to see experimental illustrations of erosion in progress you have only to look at the gardens of the white officials". In Palestine a voluntary service of soil-erosion observers has been established—men and women, not officially connected with the Agricultural Department, who merely send in a note of any place where they see erosion

SOIL EROSION IN THE EMPIRE

beginning; for a trifling accident may initiate widespread disaster. In *Rich Land Poor Land*, Stuart Chase describes a gully in Georgia:

The land fell almost sheer for 200 feet. We stood over one of the gully's arms and far down caught a glimpse of the central basin. The Guide took up the tale. "Do you know what started him? A trickle of water running off a farmer's barn about forty years ago. Just one damn little trickle, and now a third of the county's gone—forty thousand acres".

The whole story of soil erosion is varied and complex, depending upon climate and configuration, even to some degree on the chemical composition of the soil. Soils rich in humus and containing lime in their clay easily develop and retain a crumb structure; with the loss of the humus and the substitution of soda for lime in the clay, the soil becomes less stable, loses its porous structure and will readily wash away. The dangerous climates are those in which periods of drought may be followed by torrential rains; the amount of the rainfall is of less moment than its distribution.

It would be too much to say that all examples of soil-drifting are due to the operations of man; for deserts have existed long before man was able to initiate them, and in the Sahara areas can be traced where wind-blown sand has buried river valleys carrying perennial water. But man is the culprit with whom we are in practice concerned. Wherever agricultural operations are such as to bare the surface of the soil for any length of time, it becomes open to the attack of wind or water, and erosion usually starts in this way. But an example is quoted from the United States where the operations of a copper-smelting plant, by destroying the vegetation by the sulphur dioxide from its chimneys, has brought about the gullying of an area many square miles in extent until it is impassable by man or beast.

II. SOIL EROSION IN THE EMPIRE

IN the British Empire wind erosion on any large scale is to be found only in Canada and Australia. The Canadian soil-drifting in the prairie provinces became serious in

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the years 1931 to 1934, when invasions of grasshoppers added to the damage wrought by drought and wind. Southern Saskatchewan and Alberta and the south-western part of Manitoba were chiefly affected; for there the farming was of a somewhat crude description which depended wholly upon growing a succession of cereal crops. Over much of the land the rainfall is too low to permit of continuous cropping—a summer fallow is taken every third or even every other year. This “dry farming”, which by conserving in the soil the rainfall of the fallow season had opened large areas of western America to cereal growing, had for some years been a successful innovation, and during the years of high grain prices had led to the breaking up of much land where the rainfall is under 20 inches. For some years the farmers had been very prosperous, thanks to seasons of good rainfall and to the original stock of water in the soil, but as cultivation continued the mat of fibrous roots derived from the original grass cover of the prairies decayed away. The soil, thus deprived of its binding material, became liable to drift when bare during the fallow or before the newly sown crops had taken possession. Over much of this area the soils are thin glacial drifts, but even the more clayey soils are found to blow in the drought.

It is not merely the loss of humus that allows soil to drift, for the black humus-rich soils will also blow; it is the network of fibrous roots of grasses and clovers that is really effective in stabilising soil. Indeed, investigators both in the United States and in Russia are beginning to regard an alternation of grass with crops as the basic principle of any permanent system of farming that will preserve both the structure and the fertility of the soil. We can compare the spread in Great Britain of an “alternate husbandry”, in which a short succession of corn crops follows temporary grass of three or four years' duration.

Without doubt there are many abandoned farms in the

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Canadian prairie provinces so deeply eroded that they cannot be restored to cultivation for at least a generation—indeed, on which it is doubtful whether the plough ought ever to work again. But on the land that has not suffered so drastically various remedial measures are being applied. Most effective had been the adoption of strip farming, in which the fallow land is distributed among the cropped land in strips from 50 to 100 yards wide, the strips running from north to south at right angles to the prevailing wind. Search is also being made for suitable forage crops to alternate with the cereals, and thus to widen the scope of the prairie farmers' methods by including stock-keeping. Tree-planting is also essential, both in shelter belts on the farms and perhaps in more extensive plantations which will minimise the sweep of the winds over the gently undulating and at present almost treeless prairie. But the climatic conditions are so special and so severe that a good deal of investigation and experience is needed before the right plants can be found. In Alberta and Saskatchewan a survey of the utilisation of the land, now being carried out, will provide information regarding the areas on which farming is likely to be remunerative and those which should be retained for ranching, since ploughing would be followed by disaster.

In Australia, the erosion problem chiefly affects the pastoral interior, where the fluctuating rainfall rarely exceeds 10 inches in the year. Occasional overstocking is almost inevitable; the head of cattle or sheep may be no more than is easily carried in normal times, but after a run of dry seasons the vegetation is reduced below the possibility of regeneration, the surface soil begins to blow away, and the infertile sub-soil is exposed. Moreover the rabbit plague is peculiar to Australia; even though the rabbits may not be directly conflicting with the stock in favourable seasons, they hasten the advent of overstocking, and by breaking the surface with their burrows they supply starting-points for wind erosion.

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In the Mallee country also, where the original vegetative cover has usually been burnt off, continual cropping with wheat has left the soil without any natural stability. Sand drift has become acute in South and Western Australia. There the only remedial measure appears to be the creation of wind-breaks; in the pastoral areas favourable terms are being offered to lessees who will shut up and regenerate a certain proportion of the land they control.

Space does not permit of any consideration of the serious cases of erosion in India, to some of which Sir Albert Howard called attention as early as 1915. But they are of the same character as those already described; they arise from shifting cultivation, deforestation and overgrazing. The wasting of hitherto productive land is adding terribly to the problem of the increase of population of India.

Ceylon and the island colonies nearly all report serious cases of erosion. Sugar and cocoa estates seem to be free from damage, and the other plantation industries—rubber, tea and so on—are now aware of the precautions to be taken in the heavy rainfall areas. But the growing population is pushing cultivation up the steeper slopes in bush or forest, and with the peasants' ignorance of all measures of soil retention the surface is soon removed, and a fresh cut has to be made into the belt of trees which should be the protection of the better lands below.

III. THE PROBLEM IN AFRICA

IN Africa, wind erosion affects only a few areas, the most notable being in Northern Nigeria, where the Sahara is reported to be moving southward owing to the deterioration of the forest by burning and overstocking to meet the needs of a growing population. Drifting starts from the bared soil under the hot Harmattan winds in the dry season. All the African colonies, however, are suffering severely from erosion by rain, either gullying or the less spectacular but more insidious sheet erosion which may

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gradually and almost imperceptibly remove the fertile surface soil.

In the Union of South Africa the growing deterioration of the pastoral areas has long been recognised. There was a select committee on erosion as early as 1914, but probably the conditions are most fully set out in the report of the Drought Commission of 1924. Popular opinion attributes the drying up of springs and water-holes to a change in the climate, but there is no positive evidence to support this view, and erosion alone has been sufficient to account for the damage. It may be agreed that the nature of the soil and the climate, with its alternations of drought and heavy rains, are favourable to erosion, but the methods of management of the veldt have accentuated rather than guarded against the dangers. The prime cause of the deteriorating herbage is overstocking, and, as the vegetative cover is reduced, surface erosion both by wind and by water begins. Overstocking is always likely to occur where the fluctuation of the seasons is great; for the farmer is tempted to try to keep the numbers of his stock near the maximum carried in a good year. Local overstocking comes with the driving of cattle into kraals at night as a protection against jackals; the surface is broken and the wind attacks the open sores.

Then there is the vexed question of veldt-burning, which is held by all the old farmers to be necessary in order to destroy the incredible withered grass and give room for a fresh spring growth with the rains. But veldt-burning, however legitimate when settlement was thin and pasturage in excess, becomes dangerous under closer stocking. It means waste of the nitrogen and organic matter that should be building up the humus reserves of the soil; it renders the soil more susceptible to erosion, and it is not sufficiently effective in controlling ticks to dispense with dipping. However, many of the grasses constituting the natural vegetation of the veldt possess a coarse tufted habit and become too harsh for grazing, so that as long as they persist

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burning will be practised. Eventually, controlled grazing in paddocks laid down with sown grasses and forage plants may become practicable, a technique that will also be valuable in reducing the incidence of the many diseases endemic in South Africa. But such measures are costly and are being developed only on a small scale near the homesteads. Remedial measures include damming the *dongas* caused by erosion, in order to convert them into water reservoirs, from which the surplus water is led off to the grass land along contour ridges. On the arable land, contour ploughing is being adopted, with contour banks at intervals to break the run-off.

Though erosion through overstocking is now serious in the Union, the destruction of the land has proceeded much further in the Transkei and in Basutoland. The latter territory has of late years embarked upon systematic anti-erosion measures, aided by a grant of £160,000 from the Colonial Development Fund. Badly as the country had been wasted,* it now provides probably the best example within the Empire of a successful policy against erosion. Some 60,000 acres have been reclaimed within the last twelve years, and springs have renewed their flow after twenty years' disappearance. However small a proportion of the reserve this area may be, the work is accelerating as the natives themselves take it up. One of the most striking features of the work in Basutoland has been the co-operation initiated between the agricultural services, the administrative services, and the chiefs. Care was taken at the outset to secure the goodwill of the paramount chief, and each type of work was first started near his headquarters.

In East Africa generally, and particularly in Kenya, the erosion menace is threatening the existence of certain of the tribes. The damage has been brought about through the clearing of steep slopes in order to grow crops, especially since the introduction of crops for sale, and through

* *Financial and Economic Position of Basutoland*. Cmd. 4907 (1935).

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overstocking. The two often go together among the Bantu tribes, which keep livestock as insignia and for ceremonial purposes (*lobolo*), but make little economic use of them. The Kikuyu have in the past been great clearers of forest, and no longer have sufficient land to be able to give the abandoned and often weed-infested *shambas* an adequate rest before cultivation comes round again. Erosion is severe on the cultivated slopes. Contour ridging and cover crops are being introduced in order to prevent washing, and wattle is being planted on the higher ground in order to conserve rainfall and at the same time to provide both firewood and bark for sale. Overstocking prevails also in the Kikuyu reserve, and in the form of "squatter stock" extends into the white reserves, where indeed authorities have only recently begun to deal with the deterioration of the soil.

The most extensive damage in Kenya has been due to overstocking. Large areas that were formerly good grazing land in the Kamba and the Suk reserves have become deserts, perhaps beyond the possibility of economic regeneration, on account of the excessive numbers of cattle, and especially of goats, maintained by these tribes. So necessary is a reduction in the head of livestock that a factory has been opened by Messrs. Liebig on the Athi river to provide an outlet for the culled stock, which are generally in such miserable condition that they can only be converted into meat extract and manure. Nevertheless the reluctance of the African native to sell his livestock is so great that an ordinance enforcing culling has had to be passed, a measure that is meeting organised opposition from some sections of the Wakamba tribe.

Erosion takes various forms in the different African colonies, but it is to be noticed that much of the pressure upon the land has arisen through the introduction of crops for sale. In Uganda, for example, the area under cotton had increased to a million and a half acres in 1936, and there and elsewhere the increase of such money crops, even

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maize, is resulting in the neglect of the food crops for the family and in a deterioration in the native dietary.

It is evident from a recent conference of Directors of Agriculture at the Colonial Office that the various Governments are now well aware of the growing dangers of erosion, and are working out their own methods for dealing with it. Africa, however, presents certain special difficulties. Stress has been laid on the need for a general policy shared by the administrative, agricultural and veterinary departments, but nothing effective can be done without the co-operation of the native chiefs in the education of the tribes. Some measure of compulsion is inevitable, and, even when the responsibility for this is accepted by the chiefs or the native councils, grievances are created which may be, and indeed are being, exploited against the authority of the chiefs and of the central government. Cattle are so intimately linked with the customs, and even the religion, of the Bantu tribes that any interference with traditional practice cannot fail to be disturbing. Another complication is that many of the anti-erosion measures do not fit in with the system of communal or family land-owning prevalent in Africa. This form of tenure is already strained by the introduction of perennial crops for sale, such as coffee in the east and cocoa in the west: evidently a big problem of land settlement and the definition of ownership, several or collective, is imminent. Communal grazing appears to be an attractive proposition politically, one which fits in, too, with the customs of most African tribes. But in practice such areas are wastefully overstocked and become strongholds of disease; it is nobody's business to improve or even protect the soil.

IV. WIDER ISSUES

SOIL erosion thus enters into the zone of politics and may add to the tension between the white and the coloured populations. As the numbers of the latter

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grow, the demand for land increases, and, in so far as that demand is met without regulation and education in the methods of conservative farming, the destruction of the productive power of the land inevitably follows. The call for more land is intensified, and the lands in white occupation, on which the fertility has been preserved, are looked at with jealous eyes.

The soil-erosion problem cannot be met by administrative action and engineering alone; it calls for an intensive educational campaign among the people who use the land. They have to be taught forms of agriculture that will conserve fertility and the soil itself, that will preserve a due balance between crops for sale and crops for sustenance, and, among the latter, crops providing a duly balanced dietary. Before the coming of the white man, war, disease and famine stabilised the population in relation to the land; it was not a good relation, nor is it one that can be restored. By some means a new symbiotic relation has to be established that will set up the equivalent of the stable peasant populations of western Europe before the influx of industrialism. If this can be attained, it will possibly be accompanied by the same control of reproduction as the European peasant communities have always shown.*

These are the wider questions that soil erosion provokes; but we are now conscious of the danger and know how to meet it—"Keep the water in the land and you will keep the soil on the land".

* A further discussion of the social problems raised by soil erosion in Africa will be found in *The Improvement of Native Agriculture*, by Sir Daniel Hall. Heath Clark Lectures. (Oxford University Press, 1936.)

OBSTACLES TO INDIAN FEDERATION

I. THE CARAVAN MOVES ON

THE effort now being made to secure the inauguration of federation in India has revived political activity throughout the country, which has entered upon a fresh and difficult phase of its constitutional history. Factors entirely new to Indian political experience have been brought into prominence, and emerging political tendencies are being watched with unusual interest, not untinged with anxiety. The problem of the future relations between British India and the Indian states has come to the fore, and in both areas events are marching to a climax.

At no time since the first Round Table Conference has political India been in such a ferment. The establishment of provincial autonomy has placed the Congress Nationalist party in a strong position, not only in the provinces themselves, but also in relation to the states and to the existing and future central governments. Holding office in eight of the eleven provinces, the party is able constantly to extend its influence. While it faces criticism from many of its own more extreme followers, it still holds the confidence of the majority of Hindus. The party is now making strenuous efforts to bring about conditions favourable to itself in a possible federal legislature of the future. The Muslim League is engaged in consolidating the Muslims, chiefly in antagonism to the Hindus, and communalism is becoming more intense, thus adding fresh handicaps to nationalist ambitions. The peasantry and the workers are being exhorted by socialists and communists to follow Leftward paths, while Liberals are trying to exert a moderating

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influence. Caste is often at loggerheads with democracy. The totalitarian methods that characterise Congress policy in some of its aspects, and the Congress Working Committee's supervision of the activities of provincial Congress Ministries, are arousing opposition, even within the Congress ranks. Efforts by all the Ministries to expand their "nation-building" activities are restricted by lack of money, with the result that economic issues are assuming new importance in political thinking.

It is now generally assumed that the British authorities are proceeding with federation as embodied in the 1935 Act. While the politicians of British India reiterate their hostility to the scheme, the opinion is growing that its introduction is inevitable. But difficult processes have to be gone through before that can come about. The common opinion is that Lord Linlithgow, the Viceroy, hopes to launch the federation before he vacates office in 1941. The programme may be affected by conditions arising as the various intermediate stages are reached, but the authorities hope to convince the opponents of federation that it represents a big advance towards full self-government.

II. CONGRESS AND THE PRINCES

THE broad basis on which the Rulers of the states are invited to accede to federation has now been determined, and negotiations between the Crown and the Rulers have virtually ended, although minor readjustments in the terms of accession are still possible for some states, and the Princes are being given time to make up their minds. They are expected to indicate their attitude about the middle of the year, but complications that have arisen in many states may delay their decisions. In recent months the states have been the scene of intensive agitation in favour of "responsible government". Much of the agitation has arisen from the establishment of home rule in the provinces.

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Officially, the Congress party holds aloof, but several Congress leaders have taken a definite part. All the tactics employed by the party in British India in the past have been transferred to the states. Few of those inspiring the agitation have realised that the introduction of responsible government in the states requires, not merely the conversion of the Rulers, but also the education of the people.

The latter need was tragically emphasised at Ranpur on January 5, when Major R. L. Bazalgette, Political Officer of the Orissa states, was killed while trying to disperse a mob. The incident illustrated both the risks that attend political agitation among backward peoples, of the kind to be found in the Orissa states, and the narrow limits to the theory of non-violence in practice. In other states the agitation also took dangerous forms, particularly in Rajkot. Although a form of settlement was obtained there, it was one of doubtful value. Mr. Vallabhbhai Patel, a member of the Congress Working Committee, personally directed the campaign in the state, rendering futile the Congress claim that non-intervention was the party policy. Mr. Patel indicated that the measure of the success of the campaign in Rajkot would be the measure of its success in the country as a whole. Mr. Gandhi himself issued a statement implying that there was "no half-way house between total extinction of the states and the Princes making their people responsible for the administration of their states".

The agitation contributed to a general deterioration of political conditions in the country, and led some of the Princes to question the wisdom of federating with British India. It is clear, however, that if the Princes declined to enter the federation there would be no guarantee that they would be immune from the kind of agitation that has lately been rampant. Indeed, there is a strong opinion that the states will be safer within the federation than outside it; and the wiser Princes recognise this. Nevertheless, the agitation has aroused apprehensions, particularly among the Rulers of the smaller states, which are

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unable to afford or maintain the kind of responsible institutions demanded.

Several states have lately made efforts to modernise their administrations, chiefly by discarding ancient customs which have hitherto formed the basis for their finances; but such reforms touch only the fringes of the problem. It is fairly certain that the majority of the Princes, if left to themselves, are prepared to reconstruct their internal administrations, along lines that suit their individual needs and the traditions of their states. So far there has been no campaign against the Princes themselves; it is widely admitted that the system which they represent is peculiarly acceptable to the Indian mentality. The states' peoples would naturally like to have a greater say in the administration, but they do not necessarily insist on the same form of democratic institutions as now exists in British India. Something in keeping with the ancient systems that have survived for centuries may prove more useful, certainly until such time as the people themselves are sufficiently educated and politically minded to require something else.

In some quarters it is contended that the agitation in the states has been prompted by other reasons than a concern for the future of the states' peoples themselves. The claim is made that the agitation masks an attempt by the Congress party to secure a larger voice in the federal centre than would be possible under the federation envisaged by Parliament in 1935. The latter assumes that the Princes will be represented at the centre by nominated members; the demand in the states has been for elected members. In urging responsible government on the states, the agitators have paid little heed to the political and constitutional circumstances in these areas; nor has any distinction been drawn between states that are well governed and those that retain the characteristics of mediævalism. Hyderabad and Travancore have suffered along with Rajkot and Ranpur. But the emergence of undesirable by-products, such as an intensification of communal feeling, has made some

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Congress leaders pause. It had become clear even before the Ranpur incident that the policy in the states was leading to serious complications. Previously, the Congress Working Committee had adopted a fresh resolution to meet the new situation. This noted that some of the Rulers had recognised the demand for civil liberty and responsible government, but regretted that others had sought to suppress such movements. The resolution deplored the attempt of some Rulers to seek the aid of the British authorities, and asserted the right of the Congress party to protect states' peoples from the use of military police lent by the Paramount Power. Although recognising certain limits to Congress intervention in the states, the party reserved the right to guide the people of the states towards closer association with the administrations.

III. THE VICEROY ON NATIONAL UNITY

THE agitation in the states had been inspired partly by a belief that the British authorities had decided upon some new policy, which sought to uphold the states' administrations in their existing form. This view was scotched by the Viceroy himself when he spoke in Calcutta on December 19. As the first political pronouncement to be made by Lord Linlithgow since his return to India from England, the speech was awaited with great interest throughout the country, particularly in the Congress camp and by the Princes. There was general satisfaction among the latter when he clearly indicated that the policy of the British Government towards constitutional reform in the states remained unchanged. The British authorities would not obstruct proposals for constitutional advance, but would assume no responsibility for initiating it; the Rulers themselves would remain responsible for the forms of government suitable to meet conditions in their domains. Nationalists, on the other hand, were dissatisfied. They claimed that the statement showed British sympathies to be

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with the Princes rather than their peoples, and maintained that official unwillingness to urge the Princes to liberalise their constitutions was likely to encourage them to resist such a process. Congress leaders believe that co-operation between autocratic states and democratic British India is not possible under federation, and continue to urge that the states' representatives in the federal parliament should be elected by the people and not nominated by the Rulers.

The main theme of the Viceroy's address, however, was an appeal for national unity. The framers of the federal scheme, said Lord Linlithgow, had given dominant weight to the question of Indian unity. This was particularly important to-day, in view of the altered European background and the new ideologies threatening the ideals that had been and remained the basis of British policy in India. He pointed out that the greater the success of provincial autonomy the more the provinces asserted themselves, and the greater, therefore, was the danger to all-India unity. He claimed that there was a growing comprehension of India's position in a world that had now entered upon one of those formative periods which would affect the shape of human affairs for some generations to come. That India was aware of these issues he did not doubt; her statesmen were constantly extending the range of their survey, and her public increasingly looked outward towards international affairs, not as mere spectators, but with an understanding of India's place in the modern world. Such stirrings of national consciousness were bound to seek their due expression, and he believed it would be found to rest upon the unity of all-India.

Lord Linlithgow also emphasised that provincial autonomy and federation were essentially parts one of the other. Together they represented a great decision, all the more significant when outlined against the background of world politics, a background more sombre now than it had been in 1935, when the reforms were introduced. But the darkening of the background and the rise of totalitarian

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thought in Europe had not altered the attitude of His Majesty's Government towards Indian constitutional advance. They believed that the ideal embodied in the Act of 1935 was the best for the future unity of India. On a broad view, provincial autonomy had proved a marked success. Given the continuance of good will and understanding, the future in India could be faced with confidence, and the project of federation would be successful.

Sections of the Congress press asserted that the Viceroy had left unanswered those main questions a settlement of which was demanded by Congress before federation should be inaugurated. The relations between the proposed federal Government and the British authorities would have to be on a wholly different footing from that contemplated in the Act; and it was implied that the inauguration of federation without such prior changes would arouse a hostility in India greater than anything previously experienced in the country's political history. The critics urged that the representatives of the states in the federal Houses should be elected and directly responsible to the people, and that Indians should have a greater say in the reserved subjects of defence and finance. The Viceroy's sympathetic approach to the whole constitutional question, and his own sincerity of purpose, were widely appreciated. But to proceed with federation as if Indian opposition did not exist was described as a mistaken policy. It became obvious that the Congress party still had no use for the "doctrine of gradualness", which the Simon Commission recommended, but sought to foreshorten normal processes by methods that have awakened much apprehension among other political groups in India.

IV. HINDU CLAIMS AND MUSLIM FEARS

MINORITY elements in the country have lately grown more restive and are developing a more aggressive attitude towards the growing power of the Congress party.

HINDU CLAIMS AND MUSLIM FEARS

Congress leaders tend to regard the party's programme as the only possible policy for the country, and to ignore the aims of other political bodies. The Muslim League and the Hindu Mahasabha have clearly indicated where they part company from the Congress. This dissent has greatly intensified communalism in the country, both in the Muslim and in the Hindu ranks. The All-India Liberal Federation also disagrees with the Congress party on important issues. The Liberals bring a balanced and objective outlook to their analysis of politics, but their organisation is loosely knit and commands no popular following. The opposition of these minority parties, however, emphasises the weakness of the Congress claim to represent all political elements in the country, and shows that important readjustments have still to be made by Indians before all-India unity can honestly be achieved.

Leaders of the Muslim League and the Hindu Mahasabha have lately hurled charges of fascism against the Congress, and even Congress men have objected to what are described as the "totalitarian methods" of the Congress Working Committee. This body keeps a watchful eye on the activities of the Congress Ministries and does not hesitate to offer them advice. Ministers, though responsible to their electors, are reported to turn constantly to the Working Committee for guidance, apparently fearful lest their policies might not find favour with the controlling Congress body. Liberal thinkers unhesitatingly denounce this procedure as the negation of democracy. The Muslims, always on the alert to defend the interests of their community, are particularly opposed to the methods of the Congress high command, and new shape has been given to the communalism that has greatly hindered Indian political advance in recent years.

Since the inauguration of provincial autonomy, emphasis has been given to Hindu-Muslim competition, and the ambition of the Hindus to have the main say in Indian affairs has greatly increased the anxieties of the Muslims.

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Although the religious basis of communalism persists, the real cause of inter-community rivalry to-day is the struggle for political supremacy in the provinces and for the opportunities of political power that federation will confer. Educationally and in other respects the Muslims as a group are more backward than the Hindus. The great political agitations of the past have been inspired by Hindus, and Muslims dislike the prominence that the community has attained in the nationalist struggle. Moreover, the nationalist press in India is largely in Hindu hands, and the broad national programme is largely a product of Hindu thinking. Muslims realise that in pressing their political claims they lag far behind the Hindus. This largely accounts for their insistence upon specific rights and for their refusal to concede anything to Indian nationalism that implies a surrender of Muslim privileges.

The more important leaders of the Congress party are not in themselves communally-minded, but, now that Congress governs in most of the provinces, patronage and preferment have largely fallen into Hindu hands. The party's new power has deepened the hostility of the Muslims, who find themselves being relegated to the political background as Indians assume the control of the country. The Muslims are threatening to resort to civil disobedience, the Congress weapon, in order to defend their status in those provinces where Congress Ministers are in office. This threat is wholly new, as the Muslims have never hitherto regarded civil disobedience as a legitimate constitutional weapon. It reflects the increasing Muslim recognition of the dangers inherent in the Congress view that single-party government is suitable for India at the present time. The Congress party still seeks to concentrate Indian opposition against the British authority in India, while the Muslims, realising that British control is being relaxed, are concerned in consolidating themselves against the Hindus. The policy of toleration, which the British aimed at establishing under bureaucratic rule, is being rapidly

HINDU CLAIMS AND MUSLIM FEARS

undermined, as the Muslims declare their resolve to secure the fullest protection for their race, culture, and religion under a constitution that is gradually strengthening Hindu supremacy.

On the Hindu side it is the Hindu Mahasabha rather than the Congress party that is giving a religious emphasis to political ambitions. The Mahasabha is not a political party in the ordinarily accepted sense; it is primarily a religious organisation designed to safeguard the tenets of Hinduism. The Mahasabha challenges the right of the Congress party to speak for Hinduism as a whole, and is aiming at creating a parliamentary board with a view to contesting future elections entirely in the interests of Hinduism. The Mahasabha has opposed the Congress party ever since the Communal Award was promulgated by the British Government, protesting that the award conceded to the Muslims too great a representation in the legislatures. While the Congress party sought to supersede the award by agreement between the Hindus and the Muslims, the Hindu Mahasabha demanded its immediate cancellation, on the ground that it handicapped Hinduism in the national struggle. This attitude has further incensed the Muslims, who allege that the policy of the Mahasabha reflects the outlook of Hindus generally, including the Congress party. The fact that Congress leaders repudiate the communalism of the Hindu Mahasabha does not appease the Muslims. Recognising the powerful influence of the Hindu caste system, which affects social and economic as well as religious life, the Muslims fear that they will be relegated into a subordinate political caste within the broad fold of Hinduism.

These developments are causing some concern among the British authorities. Communalism has been the bugbear of Indian political life for generations, and it is clear that the reforms are not likely to reduce communal dangers, but in some directions to increase them. Moreover, the Muslims are tending more and more to seek their spiritual

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and political associations in the Islamic countries beyond the borders of India. This outlook is being encouraged by the knowledge that the Hindus are gradually securing supremacy within India itself. Fresh impetus has been given to the movement for creating a so-called "Pakistan" of the Muslim provinces in the north; this movement aims at confederating the Muslim provinces into a unit which, while associated with the all-India federation, would nevertheless strengthen its affiliations with other countries within the great Islamic belt from Saharanpur to Istanbul.

V. DOMINION STATUS AHEAD

WHILE the Congress party aims at consolidating all elements in the country for a further struggle with the British to attain "complete independence", the Liberals seek to modify the Congress policy in the interests of Dominion status. Although disagreeing with certain aspects of the proposed federation, the Liberals do not hold, as a rule, that Indians should not co-operate in working it. They showed less than their usual courage and realism at the recent meeting of the All-India Liberal Federation in Bombay when they failed to recommend that the federation should be accepted for such value as it possessed. They contented themselves with pointing out that no one will be able to operate the constitution successfully unless some radical alterations are made in the scheme. The alterations that the Liberals think necessary are fourfold: (a) securing for states' subjects the right to elect the states' representatives to the federal parliament; (b) abandoning the safeguards relating to monetary policy and commercial discrimination; (c) introducing direct election for members of the federal legislature; and (d) making the constitution sufficiently elastic to enable India to attain Dominion status within a reasonable time.

Liberal policy has always been to secure constitutional

DOMINION STATUS AHEAD

advances by constitutional methods. 'This was once more reflected in the presidential address of Mr. P. N. Saprú, the son of Sir Tej Bahadur Saprú, who indicated that it was not by refusing to handle the machinery set up at the Centre but by utilising it to secure wider reforms that Liberal policy could best be interpreted. Broadly speaking this still remains the attitude of Indian Liberals. 'The fact that the Congress party has found opportunity to carry out its programme by accepting office in the provinces has encouraged the hope that moderately-minded Indians may still have an influence on policy towards federation. Threats of "direct action", which some extremist Congress leaders are urging, are deprecated in moderate circles as calculated to hinder rather than help constitutional advance.

Moderate opinion appears to accept the view that the new constitution must inevitably lead to Dominion status, and is frank in its assertions that the British connection should be maintained. Congress men continue to preach "complete independence", but it has never been made clear to the people exactly what is meant by the phrase. 'The new interpretation of Dominion status that has arisen since the Statute of Westminster suggests that there is little difference between Dominion status and independence. In India, however, there are complications that make Dominion status somewhat difficult to achieve. To begin with, there is the obvious communal disunity in the country, which has been made even more manifest by the reforms already conceded; there is the presence of British forces, which are necessary both for internal security and for external defence; there is also the problem of foreign policy, in which India has had no experience or training. Nationalists may regard these as minor points, but they remain fundamental objections to the early realisation of independence.

It is clear, however, that federation is a finger-post to a wider phase of responsibility. There are many in India who believe that a form of Dominion status is inherent in the

OBSTACLES TO INDIAN FEDERATION

proposed federation, and that its ultimate realisation depends only on the speed with which Indians adapt themselves to the new scheme and the problems of defence and foreign policy can be overcome. Historical precedents suggest that the British policy in India is following a path that leads to Dominion status; the impatience of nationalists with the pace of advance does not remove from the path those obstacles which have still to be circumvented. Experience of provincial autonomy indicates that the obstacles will be removed more quickly if the nationalists co-operate with the British than if they continue to maintain that no obstacles exist. The success of provincial autonomy has greatly surprised the Congress party, which assumed office in the erroneous belief that the British elements in the services would obstruct rather than help them in their constitutional activities.

As the *Indian Social Reformer*, a Bombay weekly, recently remarked of the Congress party, "though it still continues spasmodically to use the slogans of independence and non-co-operation, it treads the path of autonomy and co-operation as easily as did the Liberal Ministers under diarchy". The conclusion is drawn that Congress, for the time being, is practically indistinguishable from the Liberal Federation. Looking around the world to-day, and seeing the totalitarian States coercing weaker nations, even Congress men must perceive that affiliation with the British Commonwealth is a matter of self-interest. The nationalist press in India has been firmly hostile in its attitude towards the policies of the totalitarian States in Europe and the Far East, and in working for the greater freedom of India it is clear that nationalists do not picture themselves discarding British control only to fall under an influence far more sinister.

India,

January 1939.

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I. NORTH AND SOUTH

IT is unfortunate that the exigencies of politics predominate on both sides of the Northern border, and that, as a result, friction has recently increased between the two Irish Governments. Although the long-range propaganda bombardment of each other, in which Mr. De Valera and Lord Craigavon indulge at irregular intervals, increases ill-feeling between Belfast and Dublin, it is undoubtedly valuable for party purposes because it distracts popular opinion from more vital matters. No doubt in abstract justice Mr. De Valera's claim is very strong. The division of Ireland is absurd, as absurd as would be complete separation between Great Britain and Ireland. But at the present time there is little chance that British opinion would agree to force Northern Ireland, even on a federal basis, under the dominion of a Dublin parliament, and it is only mischievous to pretend otherwise. Lord Craigavon threatens to resist by force if such a step were attempted, and Mr. De Valera definitely excludes violence, so how the miracle is to be accomplished no one knows.

Speaking at the annual Ard Fheis, or convention, of the Fianna Fail party in Dublin on November 22, to a bombastic resolution which demanded the declaration of a republic and the ending of partition, Mr. De Valera said that there was no legal obstacle to their declaring a republic for the twenty-six counties now constituting Ireland. Their immediate aim, however, should be to get the constitution extended to the whole country; when that was done, those who wished could call the state a republic. His own view was that, until then, there was no use in

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trying to rush matters, and putting themselves in a position from which they would have to retreat again. As regards the ending of partition, he said that they did not contemplate the use of force. They wanted not only the territory but also the people of the North to form part of the Irish nation. Great Britain, he said, could not make it appear that the question was one only for the Irish people, North and South, because she had created partition and was maintaining it. The Irish people were determined that this crying evil should be made known to the world at large. Until it was removed, the relations that ought to exist between Ireland and Great Britain were impossible.

But sophistical talk of this kind merely ignores realities. Under present conditions it is quite true that Mr. Chamberlain and Mr. De-Valera could, if they were agreed, ignore the objections of Northern Ireland and remove the political border, but no sane person believes that this could be done without violence. Nor would it do more than create a new Ulster problem; for the border is a spiritual as well as a physical reality. The real approach from Dublin to Belfast lies no doubt through London, but it must be made by improving our relations with Great Britain, and not by force. Mr. De Valera has really no intention of declaring a republic. If he would refrain from dangling the carrot of a mythical republic before his followers' noses, and accept the true implications of Commonwealth status, including acknowledgment of the Crown, a real step would have been taken towards Irish unity.

Strange as it may appear, the North is more sentimental than the South. Its hard-headed people are deeply attached to the Crown and the Union Jack. That attachment is as real as the attachment of their Southern fellow countrymen to the Soldiers' Song and the tricolour. It cannot be destroyed overnight by political legerdemain. Nevertheless, given an acceptance of the Crown as a common link between the two parts of Ireland, combined with a recognition of their separate economic and cultural interests, some

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form of juridical union would eventually become possible. Under existing conditions there is no other method of approach to a solution.

Senator Joseph Johnston, who is himself an Ulsterman and represents Trinity College in the Senate, put the matter very clearly when speaking at a meeting in Dublin on December 5. He pointed out that republicanism in Ireland was a foreign growth, which had ejected our more legitimate political ideas and ideals. That, he said, was part of our national tragedy to-day. The Crown was now not only the symbol of the unity of the Commonwealth, but also the only possible foundation for the national reunion of Ireland. It was in addition the only effective guarantee we could have for the equality of the Parliaments of the Commonwealth. The differences that separated Orangeman and Nationalist, Protestant and Roman Catholic, were as a feather in comparison with the gulf that divided both from the totalitarian ideology. North and South were agreed that there were certain ultimate sanctities, belonging to the individual personality, which were outside the province of the state. The problem of union should, he claimed, be approached with a full consciousness of the overwhelming importance of that kind of fundamental agreement. They in Ireland, in their own interests, should eliminate the foreign element of republicanism and moderate their extremes of economic and cultural nationalism. If, he concluded, they were prepared to make these concessions, and the North did not meet them half-way, they might feel certain that the North would rue it yet.

Unfortunately we have a long way to go before moderate and sensible counsel of this kind is likely to prevail. Encouraged, no doubt, by Mr. De Valera's statement that he did not contemplate the use of force, members of the I.R.A., on November 29, wrecked several customs huts on the Ulster border, by means of land mines concealed in parcels. By lucky chance no one was killed. On the same day, however, an explosion occurred at Castlefin, on the southern

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side of the border, in which two men, who had obviously been preparing high-explosive material, were killed. One of them was J. J. Reynolds, a member of the I.R.A., who was charged with the cowardly murder of Mr. More O'Ferral in 1935 but acquitted after two trials.* Another customs hut was blown up near Dundalk on January 1. It is noteworthy that these demonstrations of good will followed closely on an announcement that the I.R.A. had taken over the government of the Irish Republic from the relics of the shadow republican Dail.

At the end of December the Northern Ireland Government arrested and interned without trial thirty-four men whom they alleged to be engaged in subversive activities. This action appeared to be justified by subsequent events. On January 15 a proclamation was published by the I.R.A. in both parts of Ireland, in which, after demanding the withdrawal of English armed forces and officials from every part of Ireland, they called on the Irish people to assist them in the effort they were about to make to compel that evacuation and en throne the Irish Republic. Immediately following the issue of this document, on January 16 and 17 a number of explosions, whose objective was apparently the destruction of the electricity supply system, took place in various parts of England. Several young Irishmen were subsequently charged with being unlawfully in possession of arms and explosives. Explosions in left-luggage offices in London Underground stations, and other terroristic acts, occurred a few days later, and were followed by more arrests and a sensational conspiracy trial. Criminal action of this kind only serves to perpetuate the very conditions which its authors claim to be seeking to destroy.

Activity of a different kind has been displayed by Nationalist organisations in Northern Ireland, which have recently endeavoured to hold meetings protesting against partition. Their Unionist rivals having obligingly arranged to hold counter-demonstrations, the Northern

* See THE ROUND TABLE, No. 99, June 1935, p. 552.

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Government proceeded to proclaim both. To those acquainted with the technique of Irish agitation these rather stale methods of propaganda are not convincing.

In fact, a great deal of nonsense has been written and spoken about the wrongs of the Nationalist minority in Northern Ireland. Persecution, and violent persecution, there has been in the past, religious discrimination and curtailment of political liberty there are in many ways at present, but in fact most of the rights which Catholics are denied are denied also to their Protestant fellow-citizens. In education, for instance, hundreds of Protestant as well as hundreds of Catholic schools pay half their heating and cleaning costs in order to preserve their independence from official control. The political weakness of the Catholics and Nationalists of Northern Ireland—and the two terms are nearly identical—is to some extent due to their own dissensions and jealousies, and not entirely to gerrymandering. The fact that some of them suffer preventive arrest without trial is excused by the existence of an organisation whose object is the overthrow of the Government by force. More than half the people of Northern Ireland would be glad to support a coherent Opposition with a constructive Ulster policy, but there is no such Opposition in existence. The party in power, on the contrary, knows what it wants, and, as Mr. De Valera is their best organiser when he beats the republican drum, they provoke him to beat it as often as possible.

It is of course equally ridiculous to complain, as Mr. Andrews, the Northern Minister of Finance, did lately, that the recent Anglo-Irish agreement was a one-sided, unjust and improper arrangement, detrimental to Ulster in particular, and that they should not rest until it was altered. You cannot eat your cake and have it too. If Northern Ireland desires to retain complete fiscal union with Great Britain, it should not complain if it suffers the inevitable consequences. There is a logical case for granting Northern Ireland Dominion status, but that is not appreciated in

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Belfast. The economic policy of Northern Ireland, as Lord Craigavon recently proclaimed, is exemplified by the fact that it is one of Great Britain's best customers, its imports from Great Britain being equivalent to £31 per head of its population, compared with the rest of Ireland's £7.

The education of public opinion on either side of the border concerning the feelings and ideals of the people on the other is the first step to be taken towards better relations. It may reveal that the differences are at present irreconcilable or, more likely, trivial and ephemeral compared with the issues now confronting us abroad. In any event it will teach us to bear with each other and as far as possible to work together for the good of our common country.

For these reasons the new movement, launched happily enough on Christmas Eve, for the promotion of a better understanding between North and South is highly to be commended. It is not concerned with political or constitutional problems, believing that constitutional forms are of less importance than a spirit of co-operation and friendship, and that differences of opinion about the former need not prevent the growth of the latter. Its principal aims are to foster good relations between all Irishmen, to expose and discountenance misrepresentation, intolerance and intimidation, to reconcile the economic interests of North and South, to arrange for more social intercourse between the people living in different parts of Ireland, and to bring home the fact that every effort to eradicate misunderstanding and create good feeling in Ireland is a definite contribution to international peace and security. That such a scheme should be sponsored by men like Lord Charlemont, who up to a year ago was Minister for Education in the Northern Government, and General Sir Hubert Gough of Curragh Mutiny fame, and by independent Nationalists like Senator Frank MacDermot and Mr. John J. Hogan of Cork, is a good augury for its success. It has also received a qualified welcome, be it said to his

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credit, from Mr. De Valera, who, whatever may be his concessions to party tactics, sincerely desires to promote a better understanding between Irishmen. Many professional politicians in both parts of Ireland, however, may be expected to view with suspicion any attempt to deprive them of a valuable catch-cry. The new movement will require much patience, charity and courage, if it is to succeed; but, however it may fare in the immediate future, there are increasing signs that time is on the side of these successors of the United Irishmen.

II. PARLIAMENTARY EMOLUMENTS

IRISH democracy in the raw can be best studied at the annual conventions of the various parties, when representatives of the country branches attend in Dublin to confer with the political leaders on past and future policy. On these occasions the real Ireland, the Ireland of the farms and small country towns, makes itself heard and renews its illusion that it is an important factor in the political life of the country.

The recent Ard Fheis of the Fianna Fáil party was an interesting example of this kind of gathering. Resolutions dealing with every possible and impossible aspect of our national life, and demanding benefits for all and sundry, were solemnly proposed and as solemnly talked out or side-tracked. Among many other proposals divorced from reality were demands for large-scale afforestation, accelerated division of land among small-holders, extended insurance benefits, and more and larger pensions. The Minister for Defence, Mr. Aiken, who is certainly not lacking in political generosity, had to resist a demand that pensions should be given to those who would have fought in our recent wars had equipment been available. He pointed out that to meet all the demands put forward would mean pensions for everyone, a proposal that would at least have the merit of simplicity. Mr. Sean MacÉntee,

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the Minister for Finance, also firmly refused to accept a resolution condemning the valuable majority report of the Banking Commission.* He pointed out that they were being asked after half-an-hour's discussion to pass judgment on the result of three years' investigation by honest and conscientious experts.

But the real mind of the agricultural community was best shown in the vehement opposition displayed by the delegates to the legislative proposals for an increase in the salaries for Dail deputies, pensions for ex-Ministers and allowances for Opposition leaders. It required all Mr. De Valera's personal influence to calm the storm and avoid direct condemnation of these measures. The exact proposals, which have since been carried into law, were to increase deputies' salaries from £360 to £480, to pay the leaders of the two Opposition parties, Fine Gael and Labour, £800 and £500 respectively, and to pay ex-Ministers who have held office for more than three years pensions varying from £300 to £500 according to length of service. No alteration has been made in the salaries of Cabinet Ministers or Senators. The Taoiseach or Prime Minister at present receives £2,500 and the other Ministers £1,700 a year. These are the salaries received by the Cosgrave Government—salaries which Mr. De Valera and his friends strongly criticised and which they refused to accept for their first period in office. Senators receive £360. All these salaries are free of income tax and are supplemented by travelling expenses when on official business.

The alterations are contrary to the recommendations of the committee set up specially by the Government to enquire into the matter.† These were that, while there should be no change in deputies' salaries, Cabinet Ministers should receive an increase. Mr. MacEntee, the Minister for Finance, when introducing the Bill to raise deputies' salaries on November 24, said that the increase was granted

* See THE ROUND TABLE, No. 113, December 1938, pp. 120 *et seq.*

† See THE ROUND TABLE, No. 110, March 1938, p. 319.

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in order to meet the heavy consequential loss that fell on deputies through their neglect of their own private interests. The proposals were finally carried into law after a good deal of acrimonious discussion, which did not at all follow orthodox party lines. Although the leaders of the Fine Gael party were apparently in favour of the changes, it is an open secret that a party split nearly took place owing to the strong feeling among many members that deputies ought not to increase their own salaries under existing economic conditions. There was also opposition to the proposals among Government and Labour members. Mr. Norton, the leader of the Labour party, announced that he would not accept the allowance made to him as one of the Opposition leaders. There can be little doubt that, with the exception of the grant of pensions to ex-Ministers, the proposals did not meet with public approval.

The objection to the increase in deputies' salaries was best stated by Senator MacDermot in the Senate on December 13. He opposed the Bill, he said, on the grounds that it had not received the approval of the people, that the present allowance was sufficient, and that the effect of increasing it would not be to improve parliamentary institutions, but more probably to do them injury. He contended that, after allowing for normal expenses, on the basis of one hundred days' attendance in Dublin during the year, the average deputy would make a clear profit of about £156 a year out of the increased salary. To increase salaries was to make politics a profession. He also claimed that in many cases the proposed pensions to ex-Ministers and salaries to leaders of the Opposition would be excessive. He pointed out that Mr. Cosgrave, as an ex-Minister, leader of the Opposition and a deputy, would be entitled, if he so desired, to a salary of £1,780 a year, of which £1,280 would be free of income tax. This was more than the salary of a Minister. The day might come, he said, when in connection with partition or some other important and critical issue we might need to form a national

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Government drawn from all parties, or we might even decide, as the Swiss had done, that this was the best permanent form of government. In either case these irrational salaries to Opposition leaders would create difficulties; for it was almost too much to hope of human nature that Opposition groups would not be formed to take advantage of them.

There is some substance in Senator MacDermot's criticisms, and it is a pity that these measures, which would have been improved by amendment, were rushed through the Dail and Senate with a haste that suggests political expediency rather than a concern for public interest. The procedure employed suggested that the Senate has now become an entirely subservient and impotent body. It has recently improved its repute, however, by the election, after several abortive contests, of Senator Michael Tierney to the office of Vice-Chairman. He is Professor of Greek at University College, Dublin, one of our few independent political thinkers, and a man of broad and cultured mind.

An interesting, if somewhat nauseating, example of our lack of culture and tolerance is afforded by the action of the Central Council of the Gaelic Athletic Association, which controls the national games of hurling and Gaelic football, in removing Dr. Douglas Hyde, the President of Ireland, from the position of patron of the Association, which he had held for thirty years. His offence was that as head of the State he had acted in accordance with normal international courtesy in attending an Association football match between teams representing Ireland and Poland, thereby breaking the bye-law of the Association which precludes its members from patronising foreign games. But it may be suspected that the extremist element, who control the Association, were merely looking for an excuse to insult Dr. Hyde, whose moderate views are not to their liking. What sentence, if any, they passed on Mr. De Valera, who was also present at the match, has not transpired. It may be confidently asserted, however, that both

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he and Dr. Hyde have risen in popular esteem through their courage in defying an outworn code based on an inferiority complex.

The death of Mr. James McNeill on December 12 has deprived Ireland of a distinguished citizen. A native of the Glens of Antrim, he became an Indian civil servant and afterwards on his return to Ireland after the war successively Chairman of the Dublin County Council, High Commissioner for the Irish Free State in London, and finally Governor-General on the retirement of Mr. Healy. The studied insults of Mr. De Valera's Government led to his retirement in 1932, but he successfully vindicated his attitude, and it is proof of a better atmosphere in the new Ireland which he helped to create that all parties were represented at his funeral.

III. INDUSTRY, AGRICULTURE, AND TRANSPORT

THE trade returns show that the visible adverse balance fell during 1938 by £4,088,905. This result would be more satisfactory if the reduction of the import surplus had been due to an increase of exports rather than to diminished imports. All the concentration on developing industries that can only hope to cater for the home consumer has indirectly injured more important industries that cater for both home and export markets. The Irish bank returns for September show that in the previous year our net external assets had been reduced by a sum of £6,600,000 to the lowest level they have yet reached. This is a striking confirmation of the opinion expressed by the majority of the Banking Commission that in recent years there has been an adverse balance of payments on current account, which has had to be covered either by encroachment on external capital assets or by an increase of external liabilities.

The Government, apparently perforce, has renewed its trade agreement with Germany, now of course including

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Austria and the Sudetenland, on the former basis, namely, that for every £3 worth of goods that we buy from Germany she must buy £2 worth from us. In future, Germany must buy Irish produce in the open market, and not through the Ministry of Agriculture as heretofore.

The census of industrial production for the year 1936, recently published, shows that the value of the net output from large-scale industry increased during the ten years ending 1936 by over ten million pounds. During the same period the number of persons employed increased by 51,373 and the amount paid in salaries and wages by five million pounds. But, while the output from the factories has been steadily mounting, the output from the farms, which are our biggest and basic industry, has been steadily falling. During the same period the output of agriculture declined in value by fifteen million pounds. Even allowing for the fact that the industrial census does not include smaller concerns, it would appear that the total national output has fallen off. That, in brief, is the net result of Mr. De Valera's economic policy. Moreover during the ten years ending 1936 the average wages paid to industrial workers fell by £12 and their output by a like amount.

Nevertheless, the manufacturers are still clamouring for more protection and further concessions. Certain industrial interests believe, or affect to believe, that the operations of the Prices Commission set up under the London agreement of last April will seriously limit, if not prevent, future industrial development and go far to nullify the existing tariffs. But the proviso in the agreement that the Prices Commission must afford to Irish industries adequate protection, having regard to the relative costs of economical and efficient production and the needs of newly established industries, cannot fail to protect all but the most inefficient concerns. On the other hand, it will prevent any manufacturers who may be concerned more with profits than with principles from unduly exploiting their privileged position. The Prices Commission is necessary, in fact,

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not only to protect the consumer from the manufacturer, but also to protect the manufacturer from himself. In any event, the Irish Government would have been forced to entrust the Commission with the functions that it now exercises under the agreement. As the majority report of the Banking Commission points out, the crucial question for Irish industry is whether there will or will not be an improvement in the efficiency of production, on which depends all improvement of the real social income, and thus of the standard of living. Technical efficiency, which is particularly important in small factories such as exist here, can only be secured by constant vigilance, which the Prices Commission will certainly help to supply.

Mr. Lemass, the Minister for Industry and Commerce, whose speeches are an interesting study in gradual economic education, is apparently alive to these facts; for he recently stated that the next year or two would be the critical period for most of our newer industries, and that the question whether they were to survive would depend on the quality of their work and the quantity of their output. His former unqualified optimism has recently been considerably modified, and he shows a growing disposition to blame employers, workers and the public for the difficulties that have arisen in the development of his industrial policy. He now claims that if it does not succeed the Irish people will have been proved unfit for nationhood. It is possible, of course, that it is the policy that is to blame, and not the people.

Mr. MacIntee, the Minister of Finance, went to the heart of the matter in a remarkable speech on January 21, in which he acknowledged that if Ireland's national income and purchasing power were to be maintained there was no alternative to an increase of the return from the export of our agricultural surplus. Broadly speaking, he continued, no market offered an opportunity for that increase upon a scale commensurate with our requirements except the British market. Anything, therefore,

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that would tend to impede the fair course of trade between the two countries, anything that would create enmity between the two peoples, or arouse prejudice against this country, her people or her products, was a matter of the gravest concern, most of all to the farmers and tillers of the soil, upon whose well-being we all depended.

The real root of our economic difficulties is indeed the condition of agriculture. Farmers' costs have kept pace with the increase of agricultural prices, with the result that production is often barely profitable. The last return of the Registrar General estimates that our population has fallen by 31,000 in the last two years, which is ten times the fall that took place in the previous ten years. Moreover, the report of the Greater Dublin Tribunal, published on December 19, recommends that owing to the rapid increase of Dublin's population the whole County of Dublin should become a unified metropolitan borough, under one administration. It is not surprising, therefore, that the Government have at last agreed to the oft-repeated request of the Opposition for the appointment of an expert commission to investigate the condition of agriculture. *Dublin Opinion* neatly comments that "the situation has the Government well in hand". The main purpose of this commission will be to consider and advise on ways and means of increasing production.

The notion that our agricultural exports are incapable of further development is not accepted by competent critics. Dr. Henry Kennedy, the Secretary of the Irish Agricultural Organisation Society, in a remarkable article recently published,* points out that the only way of safeguarding our monetary position, as well as making funds available for national and social development, is to develop fully our agricultural industry through improved technique designed to meet the special problem of our climatic conditions. He claims with justice that the economic position of the farmer has seriously deteriorated as the result of

* *Studies*, December 1938.

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national policy, and that in consequence our population, particularly in the rural areas, is rapidly declining. He gives figures to prove that, while we have been bathing in a sea of political emotion, our economic rivals in the British market, New Zealand and Denmark, have stolen our clothes. He maintains that the first essential is to make our farming pay, as other countries have done. By means of statistics of the average output of milk per cow and the use of artificial fertilisers he shows that our agricultural methods have lagged behind those of other countries, until we are not far from a condition of primitive agriculture. The remedy, as he sees it, is to exploit our natural advantage—an abundant rainfall—by improving our yield of grass and conserving it by modern scientific methods for winter use. There can be no doubt of the accuracy of his conclusion that increased production per labour unit and per acre is the only means of making Irish farming pay, and it is all to the good that the Government, after six years, have at last apparently realised this pregnant fact.

Another problem that is clamouring for solution is the future of our transport system.* The special legislation enacted in 1933 gave the Great Southern Railways Company power to buy up the numerous private road transport concerns which at that time were challenging its very existence. The scheme, like most of its kind, was excellent on paper, but, partly through evasion and partly through mismanagement, the plan failed to rehabilitate the railways, which are now reduced to a condition of virtual insolvency. The Government have now appointed a special tribunal to enquire into the causes of this breakdown and the measures necessary to secure efficient public transport. It is presided over by Mr. Joseph Ingram, who was formerly Secretary of the Transport and Marine branch of the Department of Industry and Commerce, and the other members, although not transport experts, have a wide knowledge of Irish agricultural and commercial conditions. They include Dr.

* See THE ROUND TABLE, No. 113, December 1938, p. 125.

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Henry Kennedy and Mr. D. O'Hegarty, who was Secretary of the Executive Council under the Cosgrave Administration.

The main railways are obviously the proper vehicle for long-distance goods and passenger traffic, but beyond their radius lies a large area where the bus and lorry can be more suitably employed. At present, in many places there is indiscriminate competition between the two forms of transport, and complete lack of co-ordination. Many of the bus services, though operated by the railway company, compete directly with the railway itself. Some branch railway lines have been already closed, but many more will have to be sacrificed. In the end, nationalisation in some form, both of road and of rail services, may prove the only solution. One serious difficulty in the way of such a general scheme is presented by the fact that the Great Northern Railway Company operates in both parts of the country and cannot therefore be included in a comprehensive plan by either Government. As transport conditions are identical in the North and the South, the only obstacle that prevents the question from being tackled on a national basis is lack of good will and common sense. Facing all these problems, Ireland, both North and South, has much food for thought and need for action in 1939. We can certainly blame no one but ourselves if the results are not to our liking.

GREAT BRITAIN

I. CIVIL DEFENCE AND FOREIGN POLICY

AN account of all the recent developments in the field of air-raid precautions and the enrolment of the civil population in defence would fill a whole article; for since September public and governmental attention has been focused on these matters as never before. All that can be done here is to list some of the more important events and pronouncements. The appointment of Sir John Anderson, formerly Governor of Bengal, as Lord Privy Seal and "Minister for Civilian Defence" followed soon after the Czechoslovakian crisis. On December 1 he announced plans for a national voluntary register. The Government, he said, had come to the conclusion that a compulsory register was not at present necessary or desirable, though preparations were being made for a complete and compulsory register, to be taken by means of the census machinery, immediately upon the outbreak of war. In an interview on January 9, Sir John Anderson described a compulsory register in peacetime as "an absolutely useless instrument", but he made it clear that in saying this he had in mind a register without compulsory training. The Government, forestalling criticism from advocates of a compulsory register, undertook to submit their whole scheme for national service for review by the House of Commons at the end of March. No doubt compulsion has so far been avoided in order to placate organised Labour, which has been giving full assistance to the official plans. After a trade-union delegation had interviewed the Lord Privy Seal and the Minister of Labour,

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the National Council of Labour issued on December 12 the following statement :

It was unanimously agreed that no approval could be given to a compulsory scheme, but that if the Government scheme is to be a genuinely democratic and voluntary one, providing for adequate representation of organised workers on the bodies concerned with the administration of the scheme, the Labour movement would be willing to co-operate in such a scheme for civilian defence.

On January 25 some twenty million copies of a handbook on national service were delivered to householders throughout the country. The handbook contained full particulars of all the services, from the regular forces to women's first-aid organisations, in which citizens might enrol for the defence of their country. According to the Minister for Civilian Defence, approximately 1,200,000 men and women are wanted for civilian defence or A.R.P. services, to which must be added a margin of 50 per cent. for "second-line reserves". Volunteers for national service, outside the armed forces, are required to sign an honourable but not a legally binding undertaking to serve in war-time.

The distribution of the handbook was preceded by the issue of a list of "reserved" occupations, workers in which, if over a specified age ranging from 21 to 35 years (in some cases there was no restriction of age), would not be allowed to join part-time defence services that would become whole-time in war. The restrictions do not apply to whole-time employment in peace, like the regular army, nor to factory schemes of A.R.P., nor to service that would be part-time in war (subject to an over-riding claim of the worker's ordinary job), nor to women's nursing and first-aid services. The list of reserved trades—which of course includes most heavy industries, skilled and semi-skilled jobs in the engineering trades and the manufacture and distribution of food, and many others—covers between six and seven million work-people, that is to say, roughly half the national man-power. More than three millions,

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however, of those affected are over the age of 45, whereas only about one in five of men aged 18 to 25 are on the "reserved" list. As for professional workers, the Government has set up an advisory council, under the chairmanship of Sir Walter Moberly, to advise the Minister of Labour on the use in war-time in government departments and elsewhere of persons with scientific, technical, professional, and higher administrative qualifications.

Meanwhile the local authorities have been pushing forward their A.R.P. plans with varying speed and thoroughness. Few of them have made plans for deep shelters, proof against direct hits by heavy bombs. Just before Christmas the Government announced that instead of bomb-proof shelters they aimed at providing "adequate protection against splinters and blast and against the fall of débris". A standardised steel fitting would be produced for the support of basements, while for non-basement buildings steel shelters easily constructible in the open had been designed. The cost of these precautions would fall on the Government wherever the householder could not afford to meet it himself, the total burden on the Treasury being estimated at £20 million. A first order for 120,000 tons of steel for these "unit" shelters was placed in January. Whether they or the strengthened basements would be of much value in practice is unfortunately a matter of technical controversy. An expert committee has recommended to the Minister for Civilian Defence that immediate legislation be undertaken to ensure that no residential building be erected in future without the inclusion of an air-raid shelter of sufficient size to accommodate all the inhabitants in reasonable safety. Evacuation as well as shelter forms an essential part of the Government's civil defence programme. In January a number of local authorities were asked to survey the accommodation available in their areas for billeting, and this was followed by the publication of a full list of areas from which evacuation would be organised, including all the big cities from

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London to Liverpool, and of areas that would neither be evacuated nor used to receive the citizens transferred. On February 13, the Government announced that 50 holiday camps, each accommodating 350 children, and designed for evacuation purposes in time of war, would be built at a cost of £1,000,000.

In a statement on the progress of A.R.P. plans, on January 9, Sir John Anderson said :

People write as if we ought to aim at making war safe for civilians. My opinion is you cannot make war safe for the civilian. There is only one way of making the civilian safe and that is the avoidance of war. Our aim should be if there is war to emerge from it with the least possible hurt to the nation, but to emerge victorious.

Air-raid precautions will not by themselves win a war, and it is perhaps unfortunate that public opinion has concentrated so much on this aspect of our defences. Steady progress has undoubtedly been made in strengthening the active arms of defence, though Great Britain is still without any effective striking force by land for use in a European war. The most encouraging news has been the report, on good authority, that aircraft production is now running at a rate of 400 to 500 aircraft a week and is capable of rapid expansion. In November the Secretary of State for Air announced that between 5,000 and 6,000 fighter machines were on order; and that, while priority was being given to these defensive craft, the reserve of bombing aeroplanes was being simultaneously increased.

Progress in rearmament is plainly of no avail unless it enables the nation to pursue a foreign policy that will prevent war by rejecting threats of force before they have developed into urgent military pressure. There have been some signs that the Government regard their hands as growingly strong in international affairs. In a New Year message to his party, the Prime Minister wrote :

We have already made such progress with our rearmament plans that we are to-day in a position, should the need arise, to

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discharge our obligations to our allies, the Empire and ourselves. Our armed strength enables us to say in the councils of the nations that, seeking friendship with all peoples, we shall meet them in a spirit of reasonableness and fair dealing, but will not make concessions to force.

The Home Secretary, speaking on January 26, was optimistic almost to the point of complacency when he declared that two incontrovertible facts stood out from an obscure background of fears and guesses—the passionate desire of the peoples of Europe for peace, and the invincibility of Great Britain and the British Empire. Those who fear that the latter assertion may be an over-statement, in view of the vulnerability of the Empire and its backwardness in rearmament, will at least give due weight to Sir Samuel Hoare's insistence on the value of economic strength in defence and his remark that "the proper use of air force by the navy itself will extend rather than diminish British sea power". A few days later, on January 28, the Prime Minister declared in a speech at Birmingham :

Peace could only be endangered by such a challenge as was envisaged by the President of the United States in his New Year message—namely, a demand to dominate the world by force. That would be a demand which, as the President indicated and I myself have already declared, the democracies must inevitably resist.

Critics who suspect the Government's will to resist international blackmail, in the name of the British people, would doubtless charge Mr. Chamberlain with inability to recognise such an aggressive challenge when it comes. For there are few who believe that it will take the form of a deliberate head-on collision with the British Empire. More likely, so the majority of British people believe, there will come a sidelong attack through forcible pressure on France.

It is this consideration that stirs the Englishman's anxiety most when he looks upon the scene in Spain, not with the eye of humanitarianism or of ideological or class interest, but with that of high politics and strategy. On

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January 18, before the fall of Barcelona, the Leader of the Opposition addressed a letter to the Prime Minister requesting the immediate summoning of Parliament to consider the situation in Spain. "It is inimical to the honour and interests of this country", wrote Mr. Attlee, "that it should continue to deny to the Spanish Government the right freely to purchase arms and supplies necessary for its defence". Mr. Chamberlain replied that in the view of the Government a reversal of the policy of non-intervention would inevitably lead to an extension of the conflict. In a second letter, Mr. Attlee retorted by quoting the Prime Minister's own statement of November 2 that the Spanish question was no longer a menace to the peace of Europe. Mr. Chamberlain, however, continued to refuse an early meeting of Parliament, and when the House of Commons eventually assembled, on January 31, it voted once more in favour of the non-intervention policy.

II. MINISTERIAL AND ELECTORAL PORTENTS

THERE have been several secondary reconstructions of the Cabinet, the first being occasioned by the resignation of Mr. Duff Cooper. He was succeeded as First Lord of the Admiralty by Lord Stanhope, the latter's place at the Ministry of Education being taken by Lord De La Warr. A few days later, Sir John Anderson became Lord Privy Seal, in Lord De La Warr's place; and Lord Runciman was brought back into the Cabinet as Lord President of the Council, in the room of Lord Hailsham, who resigned. Mr. Malcolm MacDonald temporarily took charge of the Secretaryship of State for the Colonies, as well as that for the Dominions, after the death of Lord Stanley. A more important reconstruction took place at the end of January, when Sir Thomas Inskip became Secretary for the Dominions, and Admiral of the Fleet Lord Chatfield succeeded him as Minister for the Co-ordination of Defence. At the same time, Sir Reginald

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Hugh Dorman-Smith, a back-bencher who had never previously held office, became Minister of Agriculture, replacing Mr. W. S. Morrison, who in turn was substituted for Lord Winterton as Chancellor of the Duchy of Lancaster. Mr. Morrison will speak for the Minister for the Co-ordination of Defence in the House of Commons.

The departure of Lord Winterton, and still more of Sir Thomas Inskip, was regarded as a success for critics of the Government's personnel. Before Christmas, a group of junior Ministers, led by Mr. R. S. Hudson, the Secretary for the Department of Overseas Trade, expressed to the Prime Minister their dissatisfaction with the conduct of rearmament, and it was understood that their criticisms had been directed particularly against Sir Thomas Inskip and Mr. Hore-Belisha. One of the critics was Mr. Hore-Belisha's own Under-Secretary, Lord Strathcona. In the January reconstruction, Lord Strathcona resigned and was succeeded by Lord Munster, but Mr. Hudson was invited to remain in the Government after he had formally tendered his resignation to the Prime Minister. The result, therefore, seems to represent a compromise between criticism and defence of the individuals in the Government, and of the way in which they have been conducting the expansion of the nation's defences.

By-elections, while not encouraging the Government to believe that it has an enthusiastic country behind it, give no evidence of such a swing against Mr. Chamberlain's Administration as would bring about a victory for Labour if a general election were held now. The Oxford city by-election,* in which the Government held the seat with a reduced majority against a strong Independent Progressive candidate, was followed by a series of by-elections that were rather more discomfiting to the National Government. Labour gained a victory in Dartford, turning a Conservative majority of 2,646 into a Labour majority of 4,238, on a much larger poll than in 1935; this reversal

* See THE ROUND TABLE, No. 113, December 1938, p. 145.

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was attributed in part to the fact that, while the Conservative candidate was a new-comer, his opponent had fought at the general election and had carefully nursed the constituency since. At Doncaster, the Labour majority increased from 7,952 to 11,708. The most serious shock to the Government's electoral prestige, however, was delivered at Bridgwater, where Mr. Vernon Bartlett, the well-known journalist and broadcaster, standing as an Independent Progressive in a straight fight with a supporter of Mr. Chamberlain, secured a majority of 2,332, whereas the last general election had given the Conservative candidate a majority of 10,569 over his nearest opponent, and of 4,329 over the Liberal and Labour candidates combined. On this occasion no less than 84 per cent. of the electors went to the polls, an extremely high figure for a by-election.

Meanwhile, however, the Government had been encouraged by the victory of Sir George Schuster, standing as a Liberal-National candidate at Walsall, although his majority of 7,158 was 1,811 less than the Government majority in 1935. The Bridgwater by-election was followed by a series of Government victories, first at West Lewisham, where the Conservative majority was reduced from 12,370 to 5,648, then in the Fylde division of Lancashire, where the majority fell from 23,352 to 20,615, and then in a remarkable by-election in Kinross and West Perthshire. This seat had been held for the Conservatives since 1923 by the Duchess of Atholl, who had resigned her seat as a protest against Mr. Chamberlain's foreign policy. She stood at the by-election as an Independent. Her opponents originally included, not only an official Conservative, but also a Labour candidate and the same Liberal candidate who had polled 10,069 votes against the Duchess's 15,238 in a straight fight at the general election. Both the Liberal and Labour candidates, however, were induced to stand down, and in these circumstances it was generally expected that the Duchess would win. In the result, she lost the

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seat by 1,313 votes, and although there were special local factors at work this was taken as a substantial encouragement to the Government.

The next by-election was also a complicated one. The succession of Viscount Elmley to his father's earldom left the East Norfolk seat vacant. A joint meeting of the Liberal and Conservative associations in the constituency adopted a candidate of the Liberal-National wing, to which the former member had belonged. Some resentment was expressed in Conservative circles at this action, and an Independent Conservative and Farmers' candidate presented himself, as well as a representative of the Labour party. He obtained the support of a large number of Conservatives in the division, but at the last moment withdrew his candidature as the result of an interview with the Prime Minister, who wrote to him declaring that the National Government was firmly resolved to pursue its efforts to put the agricultural industry on a sound basis, and appealing for party unity in face of grave international problems. In the result, the Liberal-National was returned with a majority of 7,472, a figure 5,175 less than the Government majority in 1935.

At Holderness, in Yorkshire, the Conservative majority over the Liberal was 6,152, against 11,901 in 1935. The combined Liberal and Labour vote actually exceeded the victor's by 3,477, but he had also an independent Conservative rival, who polled 6,103 votes.

The position of the Labour party in the eyes of the electorate has been weakened once more by its own internal dissensions. Once more it is the demand for "unity of the progressive parties" that has occasioned the disunity of the largest of them, and once more the villain of the piece, from the orthodox Labour point of view, is Sir Stafford Cripps. In November the national executive of the Labour party, "after a survey of the political situation arising from recent developments at Munich and elsewhere," reaffirmed the standing official policy of refusing

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an approach to other political parties, because "the road to peace lies through socialism". Shortly afterwards Mr. Ernest Bevin, the powerful secretary of the Transport and General Workers Union, wrote that "the trade unions have confidence in their own political party, but not in other parties". He alleged that the main object of "Popular Front" movements had always been to undermine the trade unions and the Labour party.

In January, however, Sir Stafford Cripps addressed a memorandum to the national executive of the party, advocating a compact or series of compacts with other Opposition parties, designed to avoid splitting the anti-Government vote at a general election. The question how best to defeat the National Government was to him identical with the question how best to help protect the British people from the dangers of fascism and war. Sir Stafford analysed the 615 seats in the House of Commons and concluded that, whereas the Opposition parties, fighting independently, could not hope to win more than 266 seats under any circumstances likely to exist within the next 18 months, in combination they could hope for no less than 331, which would afford them a working majority. He put forward a list of twelve points of policy on which the Opposition could unite, including social reform, national control of transport, mines and the Bank of England, and "a positive policy of peace by collective action with France, Russia, the United States of America and other democratic countries".

The memorandum was rejected by the national executive by 17 votes to 3. Sir Stafford Cripps proceeded to circulate it to party members, and for this rebellious act was expelled from the Labour party by the national executive. He promptly announced his intention to appeal to the national conference of the party at Whitsuntide, and he has since launched a national petition in favour of co-operation between the Opposition parties. Whatever may be the rights and wrongs of this controversy from the national,

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Opposition or Labour points of view, it seems strange that Sir Stafford Cripps, who bases his whole case on the international problem, should be so implausible in those very parts of his argument that relate to foreign affairs. In a newspaper article, after referring to "Chamberlain and his pro-fascist forces," he declared that if Labour were to join in a "national" Government it would soon find itself, as a junior partner, "well on the road to fighting the next great imperialist war". It is hard to conceive against whom an "imperialist" war could be fought unless it were the fascist Powers. Indeed in his memorandum Sir Stafford warned the Labour party that within a few weeks Mr. Chamberlain might declare that appeasement had failed, and call on the nation to fight fascism in what would be "a purely imperialistic war". This seems rather too complicated a process of argument for the ordinary elector. As the *Daily Herald* (Labour) remarked recently :

The British electorate, to its credit, is now in an extremely sceptical mood. It is in no spirit to give its trust except to a party which will clearly and persuasively say what it means to do and how it means to do it.

One of the stranger episodes of this peculiar phase of politics, in which certain Conservatives have deserted the Prime Minister because, they say, his policy means war, while Liberals and even Labour people have attached themselves to him because they believe it means peace, has been an attempt to expel Mr. Maxton and the other parliamentary members of the Independent Labour party from their own party because they voted with Mr. Chamberlain in the debate on Munich.

III. ECONOMICS AND POLITICS

IN politico-economics there have been a number of important developments. Agricultural policy has been driven to the fore by sectional agitation : the railways have urged upon us from every hoarding that a square deal for

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them means a great deal to us : and the difficulties of certain export trades have led the Government to adopt a " fighting policy " in international markets.

British farmers have for long been dissatisfied with the working of the marketing Acts, which represent the main agricultural policy of the Government, over and above the de-rating of agricultural land and the subsidies on wheat, sugar-beet, fat cattle, barley, and milk used for manufacture. Before Parliament rose at Christmas, the Conservative agricultural committee passed a resolution demanding that

the State should guarantee standard prices to producers to cover the average costs of efficient production and should decide the steps to be taken to secure these prices ; and that these standard prices should be determined from time to time by an independent tribunal on the lines of the Import Duties Advisory Committee.

This plan closely accorded to one for " price insurance " advanced in October by the National Farmers' Union. It was followed by a promise from the Government that they would review the agricultural situation during the recess, and later by the more emphatic pledges given by the Prime Minister in the East Norfolk by-election, when Government unity was threatened. The anxiety of the Government to placate its agricultural critics was further illustrated by the translation of Mr. W. S. Morrison from the Ministry of Agriculture and his succession by Sir Reginald Dorman-Smith, an ex-president of the National Farmers' Union. On his first appearance on the front bench Sir Reginald accepted a private member's motion calling for measures to ensure prices that would cover costs of efficient production, combined with the regulation of imports. He urged the need for swift and direct action to help agriculture, and promised that, after he had conferred with representatives of the farmers, landowners and farm workers, legislation would follow as quickly as possible.

In a year when fiscal resources are being taxed to the utmost in order to pay for rearmament, the Treasury aspect

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of the farmers' proposals must undergo close scrutiny. The *Economist* has calculated the cost of a system of minimum prices, hypothetically applied to the period from 1928 to 1937, on two alternative assumptions: first, that the standard prices were one-third of the way from the bottom of the range of annual average prices over the ten-year period; secondly, that the standard was one-third of the way from the top of that range. The lower standard showed an aggregate subsidy of £67 million, over the ten years, on wheat, barley, oats, fat cattle, fat sheep and lambs, pork pigs and baconers, and hen eggs. With the higher standard, which is presumably a good deal nearer to the minimum prices that the farmers have in mind, the cost would have exceeded £205 million.

Late in 1938 the four main-line railways took the general public by surprise by launching an immense campaign, in which legal and political process is being backed by concerted propaganda through every form of advertising medium, in favour of what they dubbed "a square deal". Their principal demand was to be allowed to fix charges for the transport of merchandise as freely as their competitors, the road hauliers, instead of being subject in every detail to the Railway Rates Tribunal. This body, set up in 1921 when the great railway amalgamation was carried through, decided in 1928 that a sum exceeding £51,000,000 was to be regarded as the standard net revenue of the main-line companies. The latter, however, pointed out that this figure had never been attained in practice, a fact for which, they claimed, road competition had been mainly responsible. Both in their public propaganda and in their official representations, the railways were careful to deny that they demanded any privileges or special defences.

At no time have the railways asked for preferential treatment; they have merely asked that they should be given equal treatment with the road transport industry at the hands of Parliament. . . . The existing statutory regulation of the charges for the conveyance of merchandise traffic by railway, together with the requirements attached thereto, including such matters as classification,

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publication and undue preference, should be repealed. The railways, exactly like other forms of transport, should be permitted to decide the charges and conditions for the conveyance of merchandise which they are required to carry.

The railways were also at pains to deny that their proposals in any way affected their liabilities as common carriers.

The Minister of Transport, to whom two memoranda were submitted, passed on the problem to the Transport Advisory Council, for advice on the *prima facie* case, "provided that due regard is had to the ultimate objective of the co-ordination of all forms of transport". The Council were asked to consider, if they advised abolishing some or all of the statutory controls over merchandise traffic by rail, what safeguards would be desirable for the protection of other interests. The railways later elaborated their proposals before a special committee of the Council. They suggested that the railways be empowered to fix "reasonable" rates for various classes of traffic; that any shipper should have a right of appeal to the Railway Rates Tribunal on the question whether a rate was reasonable or not; but that he should preferably bring his complaint first before one of the regular joint meetings that would be arranged between each of the various trading associations and the railway companies.

On February 6, representatives of the railways and the road hauliers issued a joint statement, describing a memorandum to be submitted to the Transport Advisory Council. It declared that the road haulage industry, subject to safeguards, would raise no objection to the railways' "square deal" proposals. The railways had undertaken that, for two years after they had been given their freedom, they would not raise objection, unless there were exceptional circumstances, to applications for the renewal of road hauliers' licences, the grant of public-carriers' licences for additional vehicles to existing hauliers, or a similar grant of limited-carriers' licences for vehicles whose operations were limited to a 25-mile radius. The two industries had

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agreed to set up voluntarily a central consultative committee to arrange measures of transport co-ordination and to deal with difficulties that might arise. Due regard, they declared, must be given to the ultimate objective of co-ordination of all forms of transport.

While rearmament has helped to keep internal trade and industry moving, the ground lost since the middle of 1937 has never been regained. On January 16 there were 2,039,026 unemployed, a figure 211,419 higher than in January 1938 and over 400,000 higher than two years previously. This was the first time for three years that the total had exceeded two millions. In his annual report, published in December, the Commissioner for the Special Areas of England and Wales remarked that neither his powers nor the training and transference facilities afforded by the Ministry of Labour were wholly adequate to meet the needs of the long-term unemployed. He suggested that new openings might be found for young unemployed men in A.R.P. work and other defence measures; and that to cash payments made to the young unemployed should be attached conditions calculated to create or preserve physical fitness and to improve morale.

Among the industries contributing heavily to unemployment to-day are the great textile trades, a fact that reflects the difficulties which these trades are experiencing in the export market. In 1937, British exports of textiles totalled £125·7 million, in 1938 only £82·7 million. The fall in these groups was by itself almost enough to account for the drop in aggregate British exports, which declined from £521·4 million to £470·9 million between 1937 and 1938. Re-exports fell from £75·1 million to £61·6 million, while total imports fell from £1,027·8 million to £920·4 million. Hence, on balance, the excess of imports over exports was reduced from £431·3 million to £387·9 million. While this in itself is satisfactory, the lower visible deficit is offset by reduced invisible earnings, including dividends on capital abroad; and the inevitable effect of

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armament expansion on costs increases anxiety for the future of the export industries. They look forward with hope to the operation of the Anglo-American trade agreement. The Government have also enlarged the more direct assistance afforded to exporters, by carrying through an Export Guarantees Bill which raises from £50 million to £75 million the maximum liability of the Export Guarantees Department, extends its facilities to the export of semi-military material (like lorries) which does not serve a "destructive use in war", and allows it to enter into liabilities up to £10 million to assist exports where the transaction, though not commercially attractive, appears on a long view to be in the national interest. Part of the latter sum may be used to assist exporters to secure contracts in face of unfair foreign competition, or to grant longer credit. Hitherto, the Department has been run on strictly business lines, and so far from costing the taxpayer money has put to reserve £3 million, in the 13 years of its life, from the excess of premiums received over claims paid and administrative expenses. The debates on the measure showed that in the mind of the Government as well as the Opposition it was designed particularly to meet German competition through subsidies, barter pacts and so on. In supporting the second reading on December 15, Mr. Oliver Stanley, the President of the Board of Trade, declared :

We have no desire to prevent other countries having their fair share of world trade. Nobody in this House has any idea of an economic blockade of Germany to prevent her trading with the outside world. She has as much right to trade as we have. We believe it is better both for us and for Germany to come to an amicable agreement with regard to sharing markets. . . . We are hopeful of reaching agreement of mutual benefit. It would only be if we failed to reach agreement that we should find it necessary to put into operation those methods with which we now feel it is right to arm ourselves.

It was some six weeks after this utterance that Herr Hitler delivered his speech to the Reichstag declaring that Germany

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must "export or die", and threatening an intensified trade drive all over the world. Commenting on this in a speech on February 3, the Foreign Secretary denied that Great Britain aimed at injuring German trade. Both countries, he declared, profited from the prosperity of world trade in general, a condition that required above all the period of stable peace which Herr Hitler himself had forecast.



CANADA

I. IMMIGRATION: A NEGATIVE VIEW

THE notion of the Dominions as being mainly "waste spaces", "out there", dies hard. Travellers run through such a country as Canada, note the relative scantiness of population, its complete absence from certain areas, and make the logical, if elementary, deduction that empty spaces ought to be filled.

Unfortunately, the processes by which a new country is "filled" are by no means simple, as some acquaintance with the three centuries of experience available would soon reveal. The appeal to history seems to show that settlement, the founding of new communities, is one of the most difficult and complex tasks that humanity can attempt. It is, therefore, not one to be undertaken lightly.

In a country like Canada, where little historical experience has gone unrecorded, the laws of population growth stand out with considerable clarity. It would have been well for the country had it begun long ago to pay heed to them.

The first and most significant of these laws appears to be that the density of population is not subject to much direct control. It is the opportunities for life which a given area presents that determine how much life it will have. "Life", of course, may mean anything from the barest to the most luxurious of existences, every community setting up its own norm in its standard of living. It follows that it is only in exceptional circumstances that immigration—or emigration—greatly affects the rate of growth of the population. Where there are large empty areas of virgin soil, immigration will increase their popula-

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tion. But, after the first rush is over, the only effect immigration seems to have, unless further outlets can be found, such as industrial development, is to displace the people already there.

In Canada, this displacement has been going on, intermittently, for decades. Canadian immigration statistics, used alone, could not possibly be more deceptive than they are. They should never be employed without the corrective of statistics of emigration from Canada; for the two series, over a long period of years, do not come far from balancing. Emigration has involved a return to the original homeland, or, more commonly, entrance to the United States: it may be said that, in the settlement of North America, Canada has not been much more than a path to the United States. All her immigration since Confederation has not increased her population very much. What seems to have happened is that the immigrant, strange in the country, usually poor, has asked less in wages or in standard of living than the native-born citizen (a fact only too painfully apparent), and that, as a result, the native-born, finding it difficult to compete, has gone "where things are better"—that is, to the United States. Hence Canada has been able only painfully to acquire a native population adapted to the country and the basis of a homogeneous society. She has had to take in a new population every generation or so, educate it, train it in the ways of the continent, then watch much of it, in the persons of its children, go off to the United States, to be replaced by still other strangers. This ability of the man who demands less to drive out the man who demands more, on the analogy of the monetary law enunciated by the Elizabethan Sir Thomas Gresham, that "cheap money will always drive out dear money", might be described as "the Gresham's Law of immigration": in every walk of life the man with the lower standard of living, in relation to his productive capacity, will always replace the man with the higher.

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In the second place, the laws of population suggest, what is after all most obvious, that land from which a living can be got must be available if settlement is to succeed. The mere fact that land is empty is no reason for believing that it ought to be filled. The Highlands of Scotland are comparatively empty, but they cannot be "filled" for the simple reason that they cannot sustain much life. So the first rule for making a settlement is to find some area where it can be made.

Here, again, Canada is a misunderstood country, a country to which the map does much disservice. The map impresses us with size but it has nothing to say about usability. Usability depends upon fertility of soil or presence of other resources, and upon climate. Climate cuts down the usable area of Canada in two directions: in the south-western prairies and the interior of British Columbia, where semi-desert conditions prevail, and towards the north, where temperature sets an iron limit to agriculture. Settlement is already not far from this limit.

Fertility, or rather its absence, reduces the usable area still further. Most of British Columbia consists of rugged mountain land. The greater part of the maritime provinces is solid rock. All that other vast area known as the Canadian Shield, some two million square miles in extent, consists of rock, muskeg, lake and river, with only a few small pockets of arable land. The amount of fertile, usable land in Canada, compared with the total area, is minute. Just how much exists is still uncertain, but it is questionable whether there exists more than there is, say, in France—and certainly there is not the amount of first-class agricultural land that France possesses.

For its other means of livelihood, the country has to depend on natural resources all of which possess this common characteristic, that they are cumulatively large in amount but scattered over vast areas, hardly anywhere allowing intensive exploitation, the only basis of a large

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population. Lumbering, mining, all the large primary industries, even wheat-growing, are of this nature. Only in certain small fertile areas, mainly in southern Ontario and Quebec, do soil and climate permit a relatively dense population.

Again, nothing is clearer from history than that Canada can grow in population only as she finds markets abroad. Of her own products (mainly large, simple staples, such as wheat, lumber, paper, copper), she can consume but a small percentage internally : the remainder has to go abroad. A prime difficulty in the Canadian economy consists in the disproportion between natural resources of an extensive, or scattered, nature and the area of fertile land on which consuming communities may arise.

The relation of such an economy to immigration is clear. If foreign trade is flourishing, population increases. If the reverse is true, the pace of economic life slows down, young people postpone their marriages, and the rate of population increase falls off. Under such circumstances, newcomers only accentuate the difficulties of those already there.

A further lesson from history is that pioneering, in terms both of money and of human values, is a costly process. No amount of paternalism can create a pioneer, paternalism in settlement being one of the surest guarantees of failure. The successful pioneers have been those who have stood on their own feet and stuck it out, at whatever cost. A deduction from this fact, also borne out by experience, is that large schemes of mass settlement have rarely been successful. Settlers invariably develop grievances against the parties in charge, expenses are always greater than had been anticipated, cash is never available for paying off sums advanced, and, as a rule, most of the settlers drift away. The new world has been pioneered by intense individualists who, far from wanting civilised comforts, have delighted to bury themselves in the forest, away from their fellows.

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If all these general considerations be applied to Canada to-day, they bar out any possibility of resuming large-scale immigration. Large amounts of available land do not exist, the necessary foreign markets do not exist, and the potential immigrants do not exist.

There are, of course, still some secondary areas of available land, especially in northern Alberta, in the interior valley of northern British Columbia, and in northern Ontario and Quebec. All of these areas are more or less remote, and present uncertainties of climate. Their settlement should go forward slowly and for the present on an experimental basis. Some of them are perhaps favourable enough to warrant gradual colonisation by highly selected persons who have no illusions regarding the difficulties ahead of them.

As for foreign markets, it is hardly necessary to point out the difficulties that Canada is having in disposing of her wheat, difficulties that are likely to increase rather than diminish. Since the Canadian pioneer must rely on wheat as his first crop (again, the reader is referred to history), pioneering these days is a discouraging business. So far from being able to absorb fresh people, we are puzzled to know what to do with those we have. The increasing mechanisation of farms is steadily decreasing the rural population, especially on the prairies. From the drought areas, natural calamity, causing hardship exceeding anything known in the worst of English depressed areas, has expelled people by the thousand, the refugees having fled to older communities already labouring with their unemployment problems. If any kind of living is to be had at all, land in a country like Canada cannot be subdivided very much, so that all but one or two of the children from the average farm home must leave the farm when they grow up. In the west, some of the young men can still get new land, either in their own neighbourhood or as pioneers on the agricultural frontier. Others must go to the towns, none of which is expanding to any marked degree. In

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the east, industrial life is still expanding moderately, and Ontario has become a general reservoir for the youth from all over Canada. They tax it to its capacity. It will surely be conceded that farmers' sons, accustomed to the country, make the best pioneers, and that they as native-born Canadians have the first claim to whatever land is still available. Both for rural and urban purposes, the annual increment of the Canadian population is unfortunately more than sufficient to meet all the development that is likely to occur.

Even if that were not the case, the type of immigrant that we could get is not the type that we are going to take. Immigrants could be found in Slavic Europe, in China or Japan. We have too many of them already. Canada, west of the Great Lakes, is already almost "balkanised". If we succeed in Canadianising the vast masses of Slavs—and Germans—already there, we shall do very well. No greater blow was ever struck at our national well-being than the unwise immigration policies prevailing until 1930. We do not want them begun over again.

Potential emigrants do not exist in Great Britain. A country with a birth-rate of 14.7 and a death rate only slightly below that is in no position to send out emigrants. Rather will it attract them—as it has been doing during the last few years. Except in individual cases even the manpower that it has is not the type we need. Pioneering should be left to the native Canadians. It is a slow process, and it ought to go forward slowly. But it will go forward; for, where men can make a living from the soil, the soil is invariably used. Talk about Canada's not using her land is nonsense. Her offence has been that she has attempted to use it too quickly. We should be a pioneering people for generations yet.

If people from Great Britain wish to come to us as individuals, prepared to stand on their own feet, they will get the welcome from us they have had in the past. We cannot be expected to appreciate masses descending on us,

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crowding out our own people, and sooner or later becoming dependent. But the salt of the earth is still welcome here.

A resumption of immigration, then, on any large scale, is to be deprecated. Individuals we can fit in. Refugees from Europe we ought to look upon with compassion, trying to do our duty even at cost to ourselves, for refugees necessarily would displace people of our own. But grandiose attempts at settlement, no. There are many people in Canada who would like cheap labour, many who would like to exploit the immigrant settler, many who have fantastic notions about increasing the population by pouring people in. There is no one who desires to promote large-scale projects of immigration simply because he is filled with the milk of human kindness.

No man, we are told, by taking thought can add one cubit to his stature. Neither can immigration into Canada cause a sudden deviation from her natural laws of growth. Over-feeding has the same unpleasant effects on the body politic as it has on the physical body.

II. ANOTHER VIEW OF IMMIGRATION.

MOST objective observers of the Canadian scene would agree that some increase in population would be an advantage to Canada. The arguments advanced in favour of this thesis are many and varied. Among them are the following: a larger population would enlarge the home market, would provide additional traffic for the extensive transportation systems, and would probably, in time, help to strengthen the sense of unity within the country, as seems to have been true of the United States. It would also be a diplomatic asset in a world of power politics, and, if it were productive, it would increase the wealth of the country.

Some of the totals suggested by certain authorities—for example, Griffiths Taylor, 159 millions; Alois Fischer, 150 millions—are not worth more than passing notice.

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They are so much a speculation, with little or no relation to the conditions of the contemporary scene, that they have no place in this discussion of the subject. There are grounds, however, for giving serious consideration to any proposal to bring modest numbers of immigrants to Canada.

The first of these is the humanitarian one. There are in Europe hundreds of thousands of men, women and children who are the victims of political and racial persecution. Some of them find themselves in this unhappy position as a result of the German seizure of Austria and of portions of Czechoslovakia. As it would seem that these unfortunate individuals are paying with all that makes life worth living for the precarious peace that was secured by their surrender, and as apparently Canada was prepared to participate in war had it come, at a cost to herself of untold millions, it seems that Canada might well offer sanctuary to a number of those whose sacrifices made peace possible, and, with peace, this saving. Some of these people are Jews; others are Czechs and Germans. Most of them are of a type that would contribute unusual qualities to any nation. Seldom if ever in the past have so many desirable emigrants—desirable in the physical, cultural and intellectual sense—been anxious to find new homes for themselves. Some of them would come with considerable wealth. Others could introduce trades, techniques and handicrafts which, without competing with industries already established, would almost certainly increase employment as well as add to the wealth of the community. Almost all of them would be assets in terms of human and cultural values.

But this refugee problem is a special and, one hopes, a temporary one. What of immigration generally? The answer to this question would seem to lie, for the present at least, in the field of economics. For, if new immigrants are to be admitted in any considerable numbers, it must be shown that they can be profitably employed, without at

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the same time displacing those already resident here, or lowering the wage rates or standards of living of Canadian workers and agriculturalists. Admittedly this would be difficult, but that should not deter us from examining every scheme or proposal that offers any possibility of success.

The first and most frequently pressed of these is the "group settlement", as advocated by General Hornby and others. Under this scheme, numbers of new immigrants would be attracted in groups or "colonies" and established in these groups upon agricultural land. This scheme is attractive for a number of reasons. Presumably the "colonists" would support themselves off the land they occupied. There would thus be no relief problem, and labour could be assured that the newcomers would not compete with them for the all-too-few jobs at present available. In fact, as they would bring in enough capital to establish themselves, or have it provided on arrival, it is obvious that their arrival would increase employment, for a time at least. It is also certain that additional people would have additional needs to be satisfied, in the form of clothing, agricultural machinery and other goods that they could not produce themselves; the satisfaction of these needs would, in turn, provide employment in factories and freight for the railways, and increase the flow of money in circulation.

But would these gains be permanent? That would depend, in the long run, upon whether these "colonies" were self-supporting and wealth-producing. For it seems clear that, if they were not, the members would desert them and seek other, more remunerative occupations in the urban centres. There is little doubt that a living of sorts can be made on the land, if the land is good agricultural land, and if the occupants are reasonably intelligent and industrious. Opinions differ regarding the amount of good land still available for settlement in Canada. Those who have studied the matter closely consider that there is

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little, if any, although the orators still talk of "wide open spaces" and "limitless resources". While one must accept the opinion of the experts upon such matters, it is probable that limited areas of fairly good land still remain unoccupied. The clay belt in northern Ontario, the northern areas of the prairie provinces and portions of British Columbia are the most promising in this respect.

But is a living enough? If not, can agriculture provide sufficient return on the capital and labour invested in it to compete with industry for the young men and women of the country? The answer to this is largely a question of the markets and prices that can be obtained for the goods produced. There is no doubt about the ability of the Canadian west to continue to produce wheat, despite drought, grasshoppers, rust and other plagues; and, certain sections of it, to produce other commodities as well. There is doubt whether they can be produced profitably—that is, provide a satisfactory return for the capital and labour invested in the farms. The result is a tendency among the more ambitious members of the younger generation in the west to leave the farms. Among farm operators themselves, it stimulates a more efficient operation of the farms. This usually means larger farms and a displacement of labour by machinery.

The problem of the agriculturalist in Ontario and British Columbia is somewhat different, as those provinces are better suited to mixed farming than the prairie west. But here, too, profitable markets must be found for the products of mixed farming if this occupation is to prove attractive. As these markets are definitely limited and competitive, here as with wheat farming the aim is to keep down costs, including labour costs. The answer seems obvious: efficiency and profits, those essentials of the modern industrial system, make any large increase in the agricultural population of Canada a very doubtful prospect.

But there is another side to this picture. Many individuals like the kind of outdoor life that agriculture

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provides. It is becoming increasingly clear that the fate of labour in a freely competitive industrial market is a bleak one, and if these "colonies" can be self-supporting, which seems probable, and if they themselves provide co-operatively for the other human wants and desires, of a cultural and æsthetic nature, it would seem that they could be made far more attractive for a certain type of individual than industry ever can be, with its recurring or continuing periods of unemployment. This may require a somewhat different philosophy of life, as well as a different way of life, from those generally held and followed to-day. But that may be necessary in any case for large numbers of people if they are to find a happy existence in Canada. If this were possible, there seems no reason why the older agricultural areas of Canada should not support larger populations, for certainly the land could produce the food to sustain them.

In industry the situation is different; for the urban industrial worker cannot be self-sustaining unless he is employed. Hence there must be an expansion of Canadian industry if more workers are to be employed. In the past, this took place because the economic frontier was continually being pushed forward. But that period seems to have definitely ended, except in the northern mining areas, which are never likely to absorb very large numbers of people. Such expansion as does take place must therefore be on another basis. Two possibilities suggest themselves: an expansion of existing industries and the introduction of new industries. Industrial development in Canada is limited by two factors—the demands of the internal market and the possibilities of finding markets abroad. The internal market is limited by the number and wealth of the Canadian population. If that population is increased by the addition of immigrants, and if these immigrants have capital, the internal market for Canadian industries is thereby increased.

The external market for Canadian industrial products

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seems to be much less certain. Canadian industry itself was built up behind a protective tariff in order to provide wealth and employment for Canadians. Other nations adopt various means of protection for themselves, and these practices are likely to continue and to increase in extent and effect. The external market for Canadian industry, then, seems to be limited to those goods which Canada produces and other countries do not produce, and those goods which Canada produces more efficiently than other countries. In respect of the first category—specialised goods which other countries do not produce—it seems that some of the immigrants now applying for admission to Canada could establish such industries in Canada; for they were engaged in them in the countries from which they have been driven. Measures might also be taken, in co-operation with the authorities in the United Kingdom, to establish special small-scale crafts and industries, which would require the migration of a number of skilled workers and craftsmen from Great Britain. These industries, if established in Canada, would provide employment, not only for the migrants, but for many others as well. Even in a country as highly industrialised as England, eleven thousand of the refugees recently admitted are said to be already giving employment to fifteen thousand Englishmen.

Since there are not many of our present secondary industries in the second special or preferred category, our sales of manufactured goods in external markets are at present mainly limited to those in which we have a tariff or quota preference. But the St. Lawrence valley, with its navigation and hydro-electric power facilities, seems well equipped for industrial purposes, and there is reason to believe that it will become an increasingly important industrial area, with export possibilities. This in turn would increase employment and make new immigration a feasible proposal.

Those countries which suggest that Canada should take some of their surplus population might be informed that

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this should be possible provided they in turn took more of Canadian exports. For in the present Canadian economy there is a clear and important connection between employment and available external markets.

There are those who argue that Canada has already experimented with group settlements and that these have proved to be failures. This may be true, but if we profit by this experience other "colonics" might be successful. Others point out that Canada has lost about as many citizens to the United States as she gained from immigration, and argue that she would be better off and just as populous if no immigrants had been encouraged to settle here. This does not necessarily follow. Canadians left Canada because there were more attractive opportunities elsewhere. They were not, in the majority of cases, pushed out by immigrants. Their movement was part of the larger movement of population from the country to the urban areas that was taking place everywhere in the western world and is still going on.

While the general conclusion to be drawn from the foregoing is that a certain amount of immigration would be beneficial, it seems clear that Canada cannot, at the present stage of her development, absorb anything like the numbers that came to her shores in the boom days of immigration. These exceeded 400,000 in 1913. The war, of course, changed the course of migration as it changed so many other things, but by 1929 the figure had mounted again to 166,783. The depression, however, coupled with the restrictive immigration measures which were introduced as a result of it, reduced the annual figure to 11,277 in 1935 and to 15,101 in 1937.

The number of immigrants that Canada could absorb in normal circumstances is difficult to arrive at, particularly as it seems that the natural increase in the population will in future have to find employment in Canada instead of seeking it in the United States, as so many people did in the past. But certainly more than eleven thousand per

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annum could be admitted, and probably as many as fifty or sixty thousand. This assumes a period of normal economic development, but nothing is less certain in the international world in which we live to-day.

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I. DEFENCE

NEVER before, save for a few wild days in 1914, have foreign affairs come so close to the Australian public. Nor has the immediate defence of Australian shores ever before seemed an urgent problem. In the last war, the Japanese alliance meant that defence, in the narrow sense, was of little concern, and even the universal training of 1911 was a leisurely long-range plan which devoted its first year to very elementary cadet training. After the war, defence receded well into the background. That job was done. For the last five years an increasing minority has felt a growing concern, but defence had no urgent reality for Governments or the press until the crisis of Munich enlightened us. The Australian story since September has been one of spasmodic groping towards a defence policy.

Not much need be said of public opinion on the crisis and on its sequels. In the main it has been moulded by the cables from Great Britain. In Sydney, however, the *Morning Herald*, well-informed and critical, gave a lead in sceptical appraisal of British policy, and other daily papers have tended in the same direction. It has been left, rather quaintly, to the strongly nationalist *Bulletin*—not now as influential as once it was—to figure as the stalwart defender of Mr. Chamberlain. In the other capitals, press opinion has been, on the whole, formally pro-Chamberlain, but faith in the policy of appeasement, never very robust, has been steadily weakened by events since Munich.

It had in any case a difficult hurdle ahead in the shape of the Pacific mandates. Like the rest of the world, Australia was ready enough to sacrifice somebody else on the altar of appeasement, but even the best appeasers were inclined to blink over New Guinea. The anti-Semitic excesses in

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Germany caused opinion to harden. Even the old advocates of a pooling of tropical resources held their peace. The obvious difficulties that a German New Guinea would cause for Australian defence became more fully appreciated. Australia is solid against any return of mandated territory; and a succession of Ministers, led as one would expect by Mr. Hughes, denounced the idea with appropriate rhetoric. The only doubt was whether we were strong enough to render our opinion of any interest to the world at large.

The great majority have agreed in crediting Mr. Chamberlain with good intentions in pursuit of peace and freedom, however they may differ about the wisdom of his method. Few people accept the picture of Mr. Chamberlain scheming to make things easy for Herr Hitler, and staging emotional drama to bring it off—except of course those who, as a matter of professional etiquette, would attribute villainy to any British Conservative. There has been at least a wonderful unanimity on the practical conclusion that Australia is faced with a new and immense defence problem.

We have, of course, been brought up to look for defence to the British navy and its ability to dominate the Pacific at will. It was the threat of trouble in 1935 which suggested that, in a European crisis, the British navy might easily have too much to do in nearer waters to allow any considerable diversion of strength to the Pacific. Readers of *THE ROUND TABLE* will be familiar with this view, but it made singularly little impression here on the press or the general public, or even, it seemed, on the Government. Conviction has now come with a rush and taken hold of press, public and Government. With it has come a realisation that our defences, even at paper strength, were absurdly inadequate to meet vigorous aggression. The illumination that Germany has thrown on the screen of political probabilities, outdoing Italy and Japan, has at a flash rendered the danger real and instant.

The position, we are now officially told, is that on any threat of trouble in the Pacific four or five capital ships

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will be sent from the Mediterranean and stationed at Singapore. This force would be strong enough to deter large-scale operations in the South Seas by a fleet based on Japan. We might still be subject to a large-scale raid before the battleships had reached Singapore; thereafter, we would be exposed only to minor attacks, which might, however, be frequent, and to a considerable destruction of trade and shipping. We should not be exposed to a prolonged large-scale invasion or to complete blockade and isolation.

That is apparently the official view of our danger, but the public suspects the usual official optimism for public purposes. No one doubts the desire of Great Britain to give all possible help; her own interests are too much at stake for her to neglect Pacific defence. But can any guarantee be given of her ability to send such help? We do not know, but we do not feel sure that those capital ships will be at Singapore when they are wanted. We are contemplating the possibility of drastic interference with our oversea communications and of a long-continued and intense attack on our shores. Moreover, there are some indications in the defence measures proposed that the Government takes this graver view of our danger.

The silence of the Government during October and November puzzled and irritated the community. The inefficiency of such defences as we have can hardly be doubted. The inadequacy of training is admitted by all our experts. September 28 showed up grotesque deficiencies of equipment, which have been noted in important journals and not denied. What the public asked for in the first place was a frank admission of shortcomings—an inheritance accumulated over many years—and evidence of a determined will to make them good. What it got was a suave assurance by the then Minister for Defence that there were no serious defects in the defence organisation. In the second place, the public asked for some responsible and authoritative pronouncement on the general situation,

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a candid estimate of our danger, evidence of a plan to meet it, and an appeal for a combined effort which might possibly require even more resolution and steadfastness than was required of Australia in the last war. A statement of that nature could come only from the Prime Minister. For some time it did not come.

This demand for a lead and for evidence of a strong Government was reiterated by the press of all colours almost daily. The Labour party, still weak and divided, offered no likely alternative Government, and the cry was for "drastic reconstruction," but few people had any very clear idea of what that meant. There was a movement for reinforcing the Cabinet by including Mr. Stevens, the Premier of New South Wales, but personal distrusts and divergences on financial policy were too strong to make this a comfortable or an effective solution. In the event, Mr. Thorby moved from the Ministry of Defence to make room for Mr. Street, whose character and war record inspired general respect. Two Ministers dropped out, but no very effective strengthening of the Ministry seemed to have resulted. We still have a coalition Ministry, with all the handicaps to efficiency that this implies. The Prime Minister must have had a full-time job in merely keeping the partnership together, adjusting the claims of the partners, and settling the rivalries among individuals, which inevitably came to the front in the absence of a unifying policy or a strong Opposition. Mr. Lyons has had a long spell of managing a very difficult team.

There was one member of the House, an ex-Minister, of whom high hopes were held. For ability, knowledge and wide understanding of Australian problems, there was no match in Parliament for Charles Hawker. His freedom from self-seeking and devotion to the common interest were universally acknowledged. To a very remarkable degree he held the confidence and high respect of all who cared for the public interest throughout Australia, irrespective of party. He had left the Government on a fine point

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of principle, but remained friendly and helpful. It seemed a heaven-sent opportunity to bring him back into the Government and give his powers full scope. And then on October 25 he flew from Adelaide in the *Kyeema*, which crashed into Mount Dandenong, and this hope died with him.

Mr. Lyons himself is in a very strong position as the only man who can lead the non-Labour forces to success at the polls. His transparent honesty, tolerance, and singleness of purpose have always impressed the general public, and they remain faithful. Some measure of distrust, not always justified, or at least a want of understanding, is felt in respect of every other possible leader. The difficulties of the Government, some inherent, some accidental, have hardly been fairly recognised. Mr. Lyons has now had time to re-adjust himself to the new world. There are elements of great strength in his team.

Here, as in every critical time, in the great depression as in the great war, problems of federation are exposed by the weakness for action inherent in a federal constitution. Important aspects of federation came up at the Loan Council and Premiers' Conference held in Canberra on October 21, and it was there that the lack of federal leadership most markedly and most deservedly came under general condemnation.

The problem was to adjust state loan expenditure to the needs of defence, particularly in regard to roads and railways, which are state responsibilities. The states are in constant competition with one another for any money made available by Loan Council decision, but to-day, with a measure of business recession looming ahead, they are more concerned with the employment given than with the works achieved. Apparently it should not have been difficult to get certain defence works in some states carried out by state loan expenditure. Mr. Stevens made public proposals of this kind, and other Premiers gave more or less qualified support. The public was

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almost thrilled at the unusual prospect of real co-operation between Commonwealth and state Governments in a national cause. The results of the Conference were therefore awaited with high hopes.

There were no results, and the blame has been variously distributed. An impressive statement by the Commonwealth and a concrete, if provisional, plan of action were the first necessities, but they were not forthcoming. Discussion was lost in generalities. The atmosphere seems to have been bad from the beginning, a fact to which some of the Premiers notably contributed. Some were unwilling to remain for a second day in order to make a fresh attack on their difficulties. Finally the Conference split over a point in procedure on which either party could have safely given way, and broke up without a single constructive resolution. Public dissatisfaction was intense and was faithfully mirrored in all the newspapers. Most blame fell on the Commonwealth Government, and the cry for "reconstruction" was redoubled.

Public anxiety expressed itself in various ways, notably in a campaign for a revival of compulsory military training, which was abolished in 1929. Compulsion has been advocated, often with strong feeling, from many and diverse quarters, even from the Tasmanian branch of the Labour party, with the concurrence of the Tasmanian Labour Government. There is little elaboration of detail or specification of the purpose for which training is required, but the emphasis is on compulsion as the only effective means of attaining the numbers of men needed.

Universal training of some sort, not exclusively military, may well come as a school for the discipline and co-operation that democracies must learn if they are to survive. Voluntary movements, such as are springing up in schools and universities and elsewhere, may lead to useful practical experiments and to the better informing of public opinion. The immediate military need, as now stated by the Government, is a trained militia of 70,000, that is, double the

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previous establishment. Up to October the voluntary system had produced the required 35,000, though training was very imperfect. The question whether the ranks should be compulsorily filled is said to have divided the Cabinet. As a compromise, it was agreed that voluntary enlistment should at least be given a trial under the new conditions of public concern about defence. Mr. Hughes is leading a recruiting campaign, and employers generally have promised encouragement and support, but it is too early to quote results.

It is difficult to see how any general scheme of training, military or otherwise, can be made effective and permanent without some co-operation with the Labour party. It was this party which introduced universal training in 1910, but now it is for the most part very hostile. The reasons for hostility are not quite clear, but they seem to be connected with possible implications of compulsory training, such as military service overseas and conscription, or at any rate regimentation of civil labour. At all events, though Mr. Curtin has been solid for defence and has propounded a strong defence programme, he has not been practically helpful in furthering a national policy. Whether the fault lies with the Opposition or with the Government, as many people believe, there has been little successful co-operation between them on defence.

After December 4, the outlook for defence and the prestige of the Federal Government brightened appreciably. On that evening the Prime Minister made on the air an appeal to the Australian people and struck the very note that was wanted. He began uncertainly, but he ended with a sincere and moving statement of the danger and of the effort needed to meet it.

Two days later, Mr. Street made the promised statement on defence. This, too, marked a considerable advance. It was not so much the actual defence measures proposed as the general tone of the statement that gave satisfaction. Clearly, not only the Minister but the whole Cabinet

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had been thinking hard about defence and thinking constructively. For the first time since September people had the impression of a Government that knew where it was going and meant to get there.

The action proposed was to increase the three years' programme of expenditure, announced in March 1938, from £49 million to £63 million. Naval expenditure was raised by £4½ million, to be spent on ships, harbours, equipment and stores. The army programme was expanded by £8 million, for the increase of the militia from 35,000 to 70,000, with the necessary equipment and stores. The air programme received £4 million more for equipment and stores, and for training of reserve personnel, with the significant addition of an air (and naval) base at Port Moresby in New Guinea. Munition supply, including reserves of raw material, would need nearly £2 million more, and £500,000 was added to the provision for organising reserve capacity in civil industry. The resultant sea-land-air ratio is about 5 : 5 : 4. The annual cost of maintenance when the programme is complete is estimated at £12 million, exclusive of interest on any money borrowed. The total defence expenditure that will come into the present financial year is about £18 million, an increase of nearly £3 million, which, it is suggested, is the maximum that can be spent efficiently in the time. The biggest single item is the appropriation for the increased militia, but the emphasis generally is on equipment and stores.

The statement did not give a clear summary of defence policy in its broadest aspects, but it threw some light on the problem. The practical aim was described as to "provide forces for local defence as a deterrent to aggression, and as a means of holding out until support is forthcoming." This phraseology, coupled with some of the detailed proposals, suggests a grave view of the aggression to which we may be exposed. Mr. Street was confidently hopeful about the Singapore squadron, but his language, perhaps of necessity, was a little ambiguous. On the much discussed

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question of adding a capital ship to the Australian navy, he was indefinite. "The total estimated cost (he said) is about £16 million. The Government has decided that as a capital ship could not be obtained before 1943 the idea should not be adopted at this juncture." Docking facilities are contemplated for capital ships, a proposal which pleases all parties in the battleship controversy, but the cost does not appear to be included in the present programme of expenditure.

The proposed rate of expenditure over three years still amounts to less than 3 per cent. of national income, against Great Britain's 6 per cent. (now rising to 10 per cent.), and Germany's supposed 17 per cent. in 1937-38. Is that enough for our purpose, as defined by the Minister, of deterring aggression and holding out "until support is forthcoming"? Is it enough, aided by geography, for this limited purpose, which is no doubt the sober practical objective? The Minister himself appears to be doubtful. "It is the maximum that is possible within the next three years without greatly upsetting the national economy." This seems to suggest that when we have become used to this load, and can carry it without strain, some addition is likely. National economies have to adjust themselves to these exigencies, and, after all, standards are largely a habit of mind.

Even more satisfactory is the evidence that the Government is thinking round all sides of the defence question. A small committee, with a personnel which gives confidence that it will be practical and realistic, is studying the problem of human resources and a national register. It appears from the Minister's statement that similar committees are contemplated for such matters as :

1. The regulation and control of primary production in an emergency.
2. The mobilisation of secondary industry.
3. Commonwealth and state co-operation.
4. The financial and economic effects of a blockade.
5. Costing and profit control in private munition factories.

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These are important and difficult questions, and all that we know so far is that they are being considered. The active co-operation of the states is particularly essential, and that will require a new approach, almost a change of heart, from Canberra, where isolation too often breeds swelled heads in legislators and administrators. The Government has yet to make good on these more general questions of organising the community for effective defence. Even in the narrower military sphere, we have still to see if Mr. Street can push home his first attack. In particular we do not know what plans he has for making militia training effective. Training time has been increased to eighteen days a year, but this still seems to most soldiers absurdly inadequate.

We have nevertheless moved a long way from the gloom and uncertainty of October, and can with good hope await the event.

II. PUBLIC FINANCE

FOR the last year or so, the prospects of the conversion loan of 1938 had caused anxiety in treasuries and banks. In 1931, the whole of the internal debt was consolidated, in one conversion, to 4 per cent. bonds arranged to fall due at varying dates. The first instalment of £67 million fell due in December last. In 1931, small holders were given preference for the shortest date, so that this instalment was expected to include a disproportionate share of weak holders, who would not be attracted by a 16-years' term at a lower rate of interest. Conversion of so large a sum under these conditions looked a little precarious.

These forebodings have not been realised, although in October the Loan Council added £4 million for defence to the conversion total. The loan was opened for a month on November 16. The response exceeded expectations, and on December 17 it was announced that the loan had been fully subscribed with the help of a subscription of

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£6 million by the Commonwealth Bank. This sum was not much greater than the amount that the Bank might have invested as a business transaction on behalf of the Savings Bank. The Chairman, however, issued a special statement to the effect that the Bank took action in view of the present economic position in accordance with its policy as a central bank.

In truth, the continued run of low export prices, coupled with serious drought, has reduced London funds and depleted the liquid assets of the trading banks, which have maintained the volume of credit, now particularly necessary for rural producers, only in hope of relief by central bank action. Some relief appears to have been given by open-market operations in recent months, and this statement of Commonwealth Bank policy may be expected to assure the trading banks and the public that a reasonable liquidity in the banking structure will be maintained and no rise in interest rates encouraged. The Chairman's statement has been well received everywhere as evidence that the Bank has an active policy appropriate to the circumstances, and means to carry it out.

Public finance is showing the first signs of entering on a new phase. For the last two years, state budgets have been balanced in the aggregate, and there have been large Commonwealth surpluses since 1932. Australia has had low export prices all this year, but internal activity has been so well maintained that the effects on public finance are only just beginning to show. Imports are now falling away appreciably, and customs revenue can hardly reach the estimate. A patchy season, seriously bad in Victoria, is affecting all the states, and deficits may rise to a couple of millions by January 1939, though the treasuries are not so far admitting any such figure. Deficits of this size will probably be accepted as a normal feature of a business recession, and will be financed from loan without causing any public uneasiness.

The foregoing is the prospect before taking into account

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the new defence expenditure. The method of financing this has not yet been settled. The cost of maintenance, estimated to rise to £12 million per annum, will be carried by the ordinary budget and this will involve increased taxation of, say, £4 million. Of the remainder of the £63 million spread over three years, about £12 million is required for equipment purchased overseas. There will be a strong case for raising a loan in London to finance purchases from Great Britain, especially as additional drains on London funds ought now to be avoided. If London will help to this extent, there will remain nearly £18 million to be provided. Of that, £8 million has already been raised by loan in Australia, and the remainder will probably be raised in the same way. This, in conjunction with requirements for works, should not put undue strain on the local market, reinforced as it will be by national insurance investments. Effective co-operation between states and Commonwealth, in the substitution of defence for ordinary works, would undoubtedly reduce loan requirements to an easily manageable figure.

The national insurance scheme came near to shipwreck in November. On account of the delay in making terms with the medical profession, an amending Bill was proposed, postponing contributions until May. The Country party seized the opportunity to demand exemption of rural workers, as the price of continued support, with indefinite postponement as the alternative. Opposition from the other wing of the Government coalition was bitter, and for some days it looked as if the Government as well as national insurance would go down. In the end it was agreed that the amending Bill should be dropped, and the Act proclaimed at once, to operate from next September, so that all possible obstruction in House and Senate was avoided. As a sop to the Country party, a Bill is to be prepared which will extend the benefits of national insurance to farmers and others working on their own account.

SOUTH AFRICA

I. THE VOORTREKKER CENTENARY

ON December 16, 1838, there was fought the battle of Bloedrivier (Blood river) in the northern part of what is now Natal. It was the "crowning mercy" of the Great Trek. The emigrant farmers, who sought to escape from British rule in the old Cape Colony, found no prospective home quite so attractive as the green and pleasant land of Natal. There, led by Piet Retief, they decided to establish themselves. But their leader, with sixty followers, was treacherously murdered by the Zulu king Dingaan, and in subsequent ambushes and affrays the Voortrekkers suffered severely. Then at Bloedrivier they won a great victory, which, for a time at least, broke the power of the Zulu nation.

That battle has always been regarded as the most significant event of the Great Trek. The celebration of its anniversary under the name of Dingaan's Day is a fixed event in the South African calendar. Naturally enough, that celebration has been of primary significance for Afrikaans-speaking South Africans. But to an increasing extent English-speaking South Africans have taken part. That also is as it should be. One of those who were murdered with Retief bore the name of Thomas Halstead; and English-speaking colonists from Durban, who had readily associated themselves with the Voortrekkers, participated in the subsequent fighting, several of them being killed.

As the centenary year 1938 approached, its celebration in a fitting manner was mooted. Some years in advance a committee was set up, independently of the Government but with Mr. E. G. Jansen, Speaker of the House of Assembly, as chairman, to raise funds and take the other necessary steps in connection with the erection of a suitable

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Voortrekker Memorial. The conception of this memorial grew in magnitude and in cost, and in due course the Government was approached for financial assistance. By this time it had realised the significance of the matter, and had decided that the centenary celebrations should be organised on national lines. It met the request of the committee by agreeing to assume ultimate financial responsibility for the erection of the monument, over and above such funds as might be contributed by the public, but it asked for a measure of representation on the committee, and laid it down that the latter's decisions were to be subject to its approval. It went further. It declined to recognise this committee, even when augmented by government representation, as having any wider function than that of determining the form of the monument and making arrangements for its erection. The celebrations on and about December 16, 1938, were, it declared, to be regarded as a matter for the state. Although it agreed to the appointment of a celebrations committee, on which the original committee and the Government itself were to be equally represented, it insisted that the celebrations should take the form of a state function, the committee being merely an advisory body.

The spirit in which the Government made this decision was clearly indicated in a statement that it issued at the time, from which the following may be quoted :

The decision to which the Government has come contemplates the celebration of the centenary on a broadly national basis, worthy of the occasion, and in such manner that all sections of the people of South Africa can take part in it. In view of this, and having regard to the importance of the Voortrekker period in the history of our country, the Government has decided to assume responsibility for such a celebration and, in connection therewith, for the erection of a monument which will inspire the people as a whole, now and in the future, without regard to sectional or party differences, with a feeling of national pride.

The original committee accepted the Government's proposals, and the machinery was duly set in motion.

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Plans were approved for the erection of a noble monument, at an estimated cost of £250,000. A dominating site on the hills outside Pretoria was selected. It was arranged that the foundation stone should be laid on December 16, 1938. The celebrations committee was duly constituted, and of this body also Mr. Speaker Jansen became chairman.

Yet, although apparently everything had been settled amicably, behind the scenes two conceptions of the nature of the celebrations were struggling for the mastery. In view of the sentimental significance of the occasion, of the importance of sentiment in the politics of South Africa, and of the readiness of South African politicians at all times to exploit sentiment for party ends, it was inevitable that in due course this struggle should erupt into the open. On the one hand, there were those who saw in the commemoration of the Voortrekkers the opportunity of stimulating an exclusive Afrikaner nationalism, who regarded them as heroes of a section only of the South African nation, and who wished to use the honour paid to them as a means of deepening the national self-consciousness of that section. There were, however, others who felt—and this was the view of the Government—that the Great Trek, as the greatest episode in South African history, belonged to the whole of South Africa, and that the centenary should be celebrated in such manner that all who were truly South African in spirit might realise that they had a part in it, thus enabling it to serve as a potent bond of national unity.

The issue was first brought to a head towards the middle of 1938. Since the Government intended that the celebrations at the monument should take the form of a state function, it followed that the Governor-General would attend, and would of course be received with the playing of "God Save the King". At that time, however, with the Union Day incidents* still fresh, the

* See THE ROUND TABLE, No. 112, September 1938, pp. 847 *et seq.*

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national anthem question was very much alive, and the Opposition Nationalist politicians and press set in motion a violent agitation against the playing of the British national anthem at a function in honour of men and women who had sought to escape from British rule. The Prime Minister, General Hertzog, however, refused to give way, until he was approached by the English-speaking members of his party. Their view was that, if the function was to be a state function, it was essential that the Governor-General should attend, and "God Save the King" be played. They felt, however, that in all the circumstances the Government might depart from its decision that it must be a state function. With this the Government agreed. The celebrations committee was given full authority to proceed with the arrangements on its own account, on the understanding that it would do so in the same spirit as had animated the Government itself.

But in the meantime, independently both of the Government and of the committee, a new development was taking place. An Afrikaans cultural body decided to organise a trek which would symbolise the Great Trek of a hundred years ago. Two ox-wagons started at Cape Town early in August and progressed slowly through the country along a pre-arranged route, so as to arrive on December 16, the one at the Pretoria monument site, the other on the Bloedrivier battlefield. It became clear very soon that the symbolical ox-wagon trek contained great sentimental, and therefore political, possibilities. At each of the towns visited, great demonstrations in honour of the Voortrekkers were staged, at which speeches were made, sometimes violently political and (in the South African sense) racialistic. In some parts of the Cape and of the Orange Free State there were unpleasant incidents. Several additional ox-wagons were set in motion, in order that all parts of the country could be visited by one or other of them; and a great sentimental surge was

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started. Among the manifestations of the stirring of the wells of sentiment were the growing of beards by men in imitation of their Voortrekker forbears, and the reversion by women to Voortrekker fashions in dress. These things were in themselves innocuous—even picturesque—but they served to strengthen the sense of “Afrikaner” distinctiveness.

By the middle of October the sentimental surge had reached such proportions that it was difficult to foresee the consequences, especially at the climax when the ox-wagons should have reached Pretoria, and the foundation-stone of the monument should be laid before a crowd larger (so it was rightly estimated) than any yet seen in South Africa. Fortunately, the surge to a large extent subsided. When the wagons reached Natal, they were most cordially received by the predominantly English-speaking population of that province. The same happened in the older Uitlander town of Johannesburg, and in the lesser towns of the Transvaal the prevailing atmosphere was kept on a non-political level. The sentimental tension between English-speaking and Afrikaans-speaking South Africans, which the centenary had seemed to be producing, all but completely relaxed. One or two of its other by-products, however, persisted. There were young men who sought to honour the Voortrekkers by assaulting inoffensive natives; non-European sections of the community were terrorised; and in many places anti-Semitic feeling was intensified. There is evidence that Nazi agitators were not slow to make use of their opportunities in this regard.

The actual celebrations at the monument itself were on the whole very successful. They were conducted with great dignity, and in such manner as to produce the maximum inspirational effect. The prevailing spirit displayed by the vast crowd was worthy of the greatness of the occasion. The political element was for the most part kept under control.

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There were, however, one or two incidents that left an unpleasant after-taste. One arose over the question of language. Acting in accordance with the Government's desire that the celebrations should take place in a broadly national spirit, the committee invited Mr. E. W. Douglass, K.C., a highly respected South African of 1820 stock, to deliver an address in English. He was shouted down by a small section of the audience, which refused to listen to him until he spoke in Afrikaans. The committee bowed before the storm. There were no further English speeches. To that extent the conception of the occasion as of narrowly Afrikaans significance prevailed.

Then, at the end of the proceedings, the chairman, Mr. Jansen, apparently swept away by the sentiment of the moment, made an appeal for the recognition of "Die Stem van Suid-Afrika" as South Africa's one national anthem. Viewed against the background of the events of the preceding few months, the proposal was not particularly well-timed. Moreover, it was in conflict with the policy enunciated by the Government in this matter and endorsed by Parliament.* It has given rise to much resentment.

For neither of these two incidents was the Government in any way responsible. The third, however, affected it very definitely. The hill on which the monument is being erected is a spur of a plateau on which, during the Anglo-Boer war, a British military camp was established. Subsequently the cantonments, together with the rest of British military property in South Africa, were handed over as a free gift to the Union. They are now South Africa's military headquarters. From the outset they have borne the name Roberts Heights in honour of Lord Roberts. During the proceedings at the monument, General Kemp, who was acting as Minister of Defence in Mr. Pirow's absence, announced that it had been decided to rename the whole area Voortrekkerhoogte (heights). This declaration—made, it seems, without consultation with the Government

*See THE ROUND TABLE, No. 113, December 1938, p. 174.

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as a whole—has evoked a storm of criticism. Many British South Africans resent it as an entirely unjustifiable slap in the face. The Government has consequently been placed in a most difficult position. In substance, it has found itself unable either to go back on General Kemp's decision or to devise an acceptable compromise. It looks as if this aspect of the Voortrekker centenary celebrations will continue to be heard of for quite a long time.

II. POLITICAL PROSPECTS

PARLIAMENT meets on February 3. It will be the first normal legislative session of the new Parliament. Despite its great victory at the polls last year, and its large parliamentary majority, the Government appears to be facing the session not without uneasiness and apprehension.

The vacancies in the Cabinet caused by the resignations of Mr. Hofmeyr and Mr. Sturrock were filled after a considerable delay. Mr. Hofmeyr's portfolios were divided between Colonel Reitz and Mr. Fagan. Colonel W. R. Collins was brought in to relieve Colonel Reitz of his portfolio of Agriculture, and Mr. R. H. Henderson has become Minister without portfolio. The new appointments have hardly brought an accession of strength to the Cabinet, and the powerful Witwatersrand has had to content itself with a single Minister who has no portfolio. Mr. Hofmeyr and Mr. Sturrock have continued to support the United party, but there is always the possibility of their breaking away if an issue of principle presents itself.

In other respects, too, the recess has not been a happy one for the Government. There can be no doubt that as a result of the Voortrekker centenary the position of the Nationalist Opposition has been materially strengthened in the rural areas. It has certainly done its best—apparently not without success—to capitalise to its advantage the wave of sentiment set up by the celebrations. Possibly there may be a reaction now that the centenary year is over,

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but the party has no lack of political acumen, and will doubtless be able to prevent the surge from subsiding.

With its own supporters also the Government has had a great deal of difficulty. Mr. Pirow's tour of the capitals of Europe had a bad press in South Africa. The distrust in him that was engendered by the Union Day incidents had not been effaced, and certain aspects of his tour accentuated that distrust. Many democratically-minded supporters of the Government deplored his visits to the dictators, including the rebel General Franco; the fact that he went to Germany immediately after the intensification of the persecution of the Jews caused a very bad impression; and the belief that his mission was in some way connected with Germany's colonial aspirations in Africa was very persistent. Eventually, General Smuts felt himself constrained to declare that Mr. Pirow's real mission was concerned merely with South Africa's re-armament programme—all the rest was frills.

In other ways, too, the colonial question has been agitating South Africa. Certainly as far as supporters of the United party are concerned, there is a strong feeling that Germany—or at least a Germany with a mentality such as prevails to-day—must not come back to Africa. There is, however, uncertainty and suspicion regarding the attitude of some Ministers. Here, too, a reassuring statement has been made by General Smuts, but only as far as South-West Africa is concerned. South Africa, he made it clear, would resist any possibility of its surrender with all her strength. No clear statement of the Government's attitude in regard to Tanganyika has yet been made, but Mr. Malcolm MacDonald's recent declaration on the subject has to some extent allayed apprehension.

On top of all this has come the controversy over the renaming of Roberts Heights. That incident illustrates admirably the difficulty of the Government's position, in having to fight on two fronts. It draws its supporters from both Afrikaans-speaking and English-speaking South

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Africans. On the one side, the Nationalists are seeking to detach its Afrikaans-speaking members; on the other side, the Dominion party is seeking to detach its English-speaking members. For both, the chief weapons are provided by sentimental issues. In this case the issue—ironically enough raised by the Government itself—is one that cuts both ways. If the Government had gone back on the decision to rename Roberts Heights, it would have provided its Nationalist opponents with a stout stick wherewith to beat it. By adhering to that decision, it will find difficulty in allaying the resentment aroused in the minds of many of its English-speaking supporters. All that it can hope to do is to drive that resentment underground. In any case the Government's position in respect of that section has been steadily weakening. It is only the influence of General Smuts, and the support of most of the English press, that prevent a serious drift of English-speaking support.

Recent rumours of a possible *rapprochement* between the Government and the Nationalists may not be without significance. One aspect of the sentimental reaction to the Voortrekker celebrations was the emergence of a strong feeling for reunion, which really means the coming together of the Afrikaans-speaking elements in the United and Nationalist parties. General Hertzog has given one or two indications of not being entirely averse from such a project. It is clear that there have been conversations between leading members of the two parties. On the face of it, a Hertzog-Malan coalition seems to be impracticable in view of the deep rift between the two leaders, although it is doubtful if this is really any deeper than was the rift that was bridged by the Hertzog-Smuts coalition of 1933. But it is hardly likely that General Smuts will be prepared to back such a venture, and, if he is not, it seems to be to General Hertzog's advantage to continue on the present basis, at least for as long as he is assured of General Smuts' support.

MARKETING CONTROL FOR AGRICULTURE

One fact makes it improbable that anything on these lines will happen in the immediate future. Two bye-elections are pending at present. It seems almost certain that they will be fought bitterly, on normal party lines, and that there can be no question of reconciliation until they have been decided. These contests will both take place in the Transvaal—the one in a rural constituency at Bethal, the other in an urban constituency, Pretoria city. The Government won both seats last May with ample majorities. It faces both contests to-day with at least a measure of apprehension. In Bethal, it fears the resurgence of sentimental nationalism, in Pretoria city the aftermath of the Roberts Heights controversy. It should be strong enough to hold both seats, but, if it fails, it may be induced to resort to expedients that are bound to have disintegrating effects on present-day party relations.

III. MARKETING CONTROL FOR AGRICULTURE

IN the permanently increased tax-burden that expansion of government services is likely to place on the community, an important contributory factor is the ever-extending powers granted to special bodies to impose taxation not under the control of the Treasury—for instance, by assessing levies upon agricultural produce coming on the home market in order to provide subsidies on the export of the remainder.

The so-called Marketing Act of 1937* actually made no direct provision for the marketing of agricultural produce. All it did was to provide means whereby binding regulations for the marketing of defined agricultural products, covering defined areas, could be set up without special parliamentary sanction. The concurrence of the Minister of Agriculture, of a regulatory board, and of a National Marketing Council of five, which has both to sit in judgment on the scheme in the first place and to control

* See THE ROUND TABLE, No. 107, June 1937, p. 672.

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the control board that administers it thereafter, is all that is required to give the force of law to any scheme for controlling or conducting the marketing of agricultural products, and to any methods which the board cares to adopt in carrying it out. Indeed it gives a scheme rather more than the force of law; for special precautions seem to have been taken to prevent appeal to the courts.

When it is first put forward, a scheme must be published in the *Government Gazette*, and objections may be submitted within the next month, though apparently it may be amended out of all recognition by the Marketing Council without similar opportunities for those concerned to make representations about the new features.

The first draft schemes to be gazetted appeared in February 1938, sponsored by the existing control boards dealing with dairy products, maize, tobacco and dried fruit. A later scheme related to wheat, while much attention has been paid to a plan for controlling the marketing of wool. As there is no existing control board for wool, however, any scheme would first have to secure the assent of a majority of wool growers, and, although extensive log-rolling and propaganda are taking place, there is yet no sign that this assent will be forthcoming.

Little general attention has been paid to the schemes for the less important commodities, but the intense and critical interest taken in the schemes for maize and dairy products came as something of a surprise, and an unwelcome surprise, to those who had put them forward. The criticism was perhaps due to the fact that public confidence in the dairy industry and maize industry control boards was conspicuously lacking, and remained so, despite two memoranda of a committee of the Cabinet which defended their past actions. Opposition to the schemes was voiced in many different quarters. A vigorous Housewives' League, which had recently been formed under energetic leadership in Johannesburg, and which is assiduously collecting information and focusing attention on problems of domestic

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economy, spread its membership like wildfire over the Rand and expanded into other urban centres, largely under the impetus of the Department of Agriculture's marketing policy. The old-established National Council of Women uttered some common-sense remonstrances on the general principles of the draft schemes, while even the women's agricultural societies have expressed themselves as opposed to the policy of exporting essential foodstuffs at a loss, before the whole population is adequately fed, a policy followed by existing control boards and not abandoned in the new schemes. Perhaps the most vigorous opposition to the draft maize scheme came from the Poultry Farmers' Association, while dairymen have voiced the most determined opposition to those provisions of the draft dairy scheme which provide for a fixed maximum quota of milk to be allotted for liquid consumption in the towns, and compulsory pooling by suppliers.

Unexpected attention was paid to a memorandum upon the two schemes by economists of the University of Cape Town, who asserted that no indication of countervailing economics was to be found in the draft schemes, to compensate for the increased trading risks in which distributors would be involved by having all trading decisions taken out of their hands and being left free "merely to risk the loss of the capital which they have put up and the occupation in which they are employed . . . while the Control Board . . . bears no financial responsibility itself". They suggested that as a result even the farmers' interests were likely to be ill served. They focused a critical eye upon the detailed provisions of the draft schemes, making clear the hasty manner of their preparation, and even showing that the dairy products scheme was *ultra vires*. This legal ambiguity has since been removed by an amending Act, which expands the law-making and law-repealing powers of the Minister of Agriculture to a degree hitherto unheard of in South Africa, but the dairy scheme has not yet been promulgated.

Maize-farming in South Africa has already reached the

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stage at which farmers and consumers both hope for a short crop; for if the crop is large the consumer must pay more in order to subsidise a larger volume of exports, though the farmer cannot expect more than a limited extra return over and above the world price. This season, prospects of a short crop seemed to offer an opportunity for making a start with a marketing scheme under particularly favourable conditions, which would reduce the necessity of control to a minimum. A much-simplified interim scheme was hurried through, abandoning the previous ill-conceived system of compulsory export quotas, and substituting a moderate levy on all maize sold, the proceeds to be devoted to a subsidy in favour of voluntary export. Unfortunately the new crop and carry-over seem to have been somewhat larger than originally anticipated, while the depression of the world price-level for maize, caused by the bumper crops of alternative feeding stuffs—especially barley—in the northern hemisphere, has greatly increased the subsidy required to achieve what is considered a “fair” price. Maize farmers have throughout been very disappointed with the board’s policy, and its recent decision, after frequent refusals, to increase the levy, subsidy and internal price of maize will do little to content them, while it has shaken the confidence of consumers in the board’s ability to resist pressure from producers.

The wheat scheme, first published in June last and gazetted on October 5, is also remarkable in making provision for South Africa’s joining the exporting countries, with export subsidised by the proceeds of a levy, an arrangement that must appear almost incredible to those who know the conditions of wheat production in South Africa. While one of the main objections to the dairy products scheme lay in the assumption of powers by the dairy industry control board that would place the creameries and traders entirely at the mercy of the board’s whims—forcing a creamery, for instance, to buy at prices fixed by the board all the cream offered to it, and to sell its butter on

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such markets, at such prices and through such agents as the board cared to specify—the wheat scheme showed much greater solicitude for the millers. In its original form, not only did the wheat industry control board's powers of trading expressly exclude the possibility of its directly engaging in milling or competing in the sale of flour, but it was also laid down that existing mills were to be given a monopoly of the milling trade, and that the milling of the country's flour was to be allotted to them by the board "with due regard to their respective milling capacities and output". These provisions were seized upon by the watchdogs of the University of Cape Town and the National Council of Women, and even formed the subject-matter of protest from the smaller independent millers, who saw in them a move to bolster up the position of the large milling companies. In consequence, the fixed quota for individual mills has been eliminated from the final scheme.

Experience of the operation of the Marketing Act is still, therefore, very limited, but some indications of its probable lines of development have been given by the draft schemes already issued. A further clue is provided by the Government's abandonment of a decision that it reached in June, to turn the administration of the Act over from the Department of Agriculture to that of Commerce and Industries. Sufficiently vocal protests were made by various agricultural interests to ensure that this removal to a supposedly less sympathetic department was not proceeded with, a result which suggests that the aim of securing marketing economies is likely to take second place to that of securing higher prices for the farmers.

IV. THREATS TO DEMOCRACY

IN the corporative state, parliamentary institutions have been replaced by others representing definite professional and industrial interests. Corporativism very largely represents the triumph of "pressure groups" over

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parliaments that have either not resisted encroachments sufficiently, or have even lost all reason for existence by allowing themselves to become the mouthpieces of sectional interests. It is not generally recognised how far the sanctification of "pressure groups" has gone in South Africa. The latest extension of the legislative powers of the agricultural control boards is perhaps the most striking example of the abdication of parliamentary control.

There are other ways in which effective democratic government differs from totalitarian patterns. One lies in what might be termed a typically protestant attitude of freedom of individual judgment, contrasted with blind acceptance of the principle of leadership. Now despite the protestant, and indeed separatist, tendencies of the religious background, there are many forces tending to glorify the principle of leadership in South Africa. One need only think of the romantic traditions of loyalty to a leader among the Afrikaans-speaking people, handed down from the century of struggle with the Bantu and the British and with nature itself; it is only natural that qualities of leadership and loyalty should be stressed at this period of the Voortrekker centenary. But the tendency is becoming dangerously emotional when a Minister of the Crown can say, as the Minister of Native Affairs is reported to have said to a Stellenbosch audience on the evening of Mr. Hofmeyr's and Mr. Sturrock's resignations: "General Hertzog has won our confidence to such an extent that we are willing to follow his guidance unconditionally, knowing that he has intuitive understanding of what should be done in any circumstances or crises". Moreover, the Prime Minister is an old man; and, if leadership is to be preferred to individual judgment and principle, it must ere long be provided by another and younger leader, one whose claims are of a more realistic and pressing nature than the confidence felt in a veteran fighter for national liberation.

Another characteristic in which democracies differ from totalitarian régimes is the absence of partisanship and of

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party purges in administration. Here again, South Africa has recently heard some very dubious doctrine enunciated. The matter of the dismissal of an active Nationalist from unpaid membership of a farmers' assistance committee having been raised in Parliament, the Minister of Finance justified his action on the ground that "the policy of the Government, which we are carrying out, is to see that the persons who are used as machinery for carrying out the policy are sympathetic". The Minister of Lands underlined this statement with the boast that this had always been his policy, from the time when he had dismissed all scab inspectors who did not belong to the Nationalist party in 1926. He asked: "How can we expect that the policy of the Government can be carried out if we do not have people who are going to follow the policy of the Government one hundred per cent.?" The totalitarian principle could hardly have been more strongly expressed.

Asked specifically if he meant that, "other things being equal, it was the policy of the Government to appoint the supporters of the Government", he replied: "Yes, and we are always the best". Not content with this contribution to the debate, the Minister of Lands made similar statements at party meetings, and two days later, speaking on his own departmental vote, he amplified his doctrine unmistakably, in relation both to his past actions and to his future intentions.

It is clear, moreover, that principles of leadership and authority, of the totalitarian sort, had long been invoked within political parties to secure acquiescence in such a policy. Thus a Nationalist member declared that General Kemp, in referring to his record as a Nationalist Minister, "makes a great mistake in blaming the members who were at that time his followers for not having protested against it at that time. He has been a member of this House for a long time. He knows what party discipline means, and that it would not have been right for the members who were his followers to criticise him". Unfortunately there is

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little reason to believe that this account of the position is overdrawn.

At the recent congress of the South African Medical Association, the Secretary for Public Health discussed nutritional problems, and stated : " It is clear that the farming industry needs to be encouraged in every way except one in the production of the expensive protective foods, milk, eggs, meat, fruit and vegetables. The one form of encouragement which the hygienist must view with the strongest disfavour is the inducement by subsidy or otherwise to export these foods from the country ". At once a member of Parliament, who is also a member of the dairy industry control board, began to clamour for disciplinary treatment of the head of our medical services. He was twice snubbed for his pains, but it is perhaps typical of our Government's utilisation of its technical experts that it was made clear, first, that this attitude of the Department of Public Health was no innovation, and, secondly, that the Department's representations would not in any way affect the Government's policy.

In the meanwhile, book censorship has of recent months been much in the news, with Rabelais, Balzac and Upton Sinclair sharing exclusion with frivolous contemporary magazines, while Professor J. B. S. Haldane's book on air raid precautions was for a time in the same company. Two leading articles critical of Mr. Chamberlain's negotiations at Berchtesgaden and Godesberg were responsible for an overnight change in the editorship of the *Cape Argus*. There are too many uncomfortable signs abroad in South Africa of a relapse from democratic ideals and liberties.

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THE ROUND TABLE is a co-operative enterprise conducted by people who dwell in the different parts of the British Commonwealth, and whose aim is to publish once a quarter a comprehensive review of imperial politics, free from the bias of local party issues. To this is added a careful and impartial treatment of outstanding international problems that affect the nations of the Commonwealth. The affairs of THE ROUND TABLE in each portion of the Commonwealth are in the hands of local residents, who are responsible for all articles on the politics of their own country. It is hoped that in this way THE ROUND TABLE serves to reflect the current opinions of all parts about imperial problems, and at the same time to present a survey of them as a whole, in the light of changing world conditions.

THE ROUND TABLE

A QUARTERLY REVIEW OF THE POLITICS
OF THE BRITISH COMMONWEALTH

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THE GRAND ALLIANCE AGAINST AGGRESSION

I. FROM APPEASEMENT TO GRAND ALLIANCE

THE last three months have witnessed a profound change of direction in British foreign policy. For the pursuit of "appeasement" there has been substituted, with the assent of all three parties, an attempt to build up a grand alliance against aggression. And, so far as can be judged from London, the change has had the general support of the other nations of the Commonwealth. What has brought this reversal about?

There has been a widespread misinterpretation of the so-called policy of "appeasement". It was not, as many believed, a policy of trying to buy off Nazi Germany by paying "danegelt", often at the expense of others. Nor was it, as others thought, a crypto-fascism forced upon the Government by the aristocratic and capitalist classes. The policy that Mr. Chamberlain began to follow when he became Prime Minister was based fundamentally on the belief that war is not the only or the best instrument of international policy, whether it is waged in the name of collective security or otherwise. More particularly, it was based on the view that Germany had been foolishly and unreasonably treated after the war, and that there would be no foundation for lasting peace until her legitimate claims in Europe, including the right to self-determination or racial unity, had been met. It would then be possible, he thought, to sit round the table with her on equal terms and make a lasting peace, by settling colonial and economic problems in return for an all-round reduction of armaments.

This was an entirely just and sensible policy in itself.

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It ought, in fact, to have been carried into effect while the German republic still existed. What Mr. Chamberlain and a majority of people in Great Britain failed to realise, until after "Munich", was the true nature of the National Socialist power that confronted them. If they realised it, they failed to give it its due weight. National Socialism was not the "last stand of capitalism", as Marxists interpret fascism. On the contrary, it has proved itself primarily a lower-middle-class and working-class movement, able to over-ride the hostility of a capitalist and intellectual minority by the strength of its hold over the masses. Nor was it merely an attempt to secure for Germany, by temporarily organised discipline and armed strength, what impartial liberal judgment might have considered to be her rights and her fair place in the world. It was a dictatorial régime, born of the post-war repression of Germany, and obsessed by racial feeling. Having captured Germany itself and subordinated every internal activity to its will, it went on to seek power and domination at the expense of other countries, by the diplomacy of menace and breach of agreement, by the organisation of unrest within its victims, or by any other brutal means, not excluding war, that could be justified on the ground that they led to the desired end.

In the negotiations over Czechoslovakia, Mr. Chamberlain carried his policy of peace by reasonable compromise to its logical conclusion. He accepted the view that an essential condition of lasting peace was to include the Sudeten Germans within the Third Reich, thus, as Herr Hitler's own assurance gave him cause to believe, satisfying the Fuehrer's last territorial claim in Europe. At the Godesberg conference, Herr Hitler, not content with the Anglo-French terms—that is, the pacific concession of his demand for Sudetenland, provided that it was carried out gradually and under international supervision—insisted upon an immediate military occupation of a larger area. It was evidently this incident that first began to open Mr. Chamberlain's eyes. He had to decide, in that fatal

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week, whether to risk war then, or to gain time for pacific forces to work against war and for the democracies to re-organise and expand their still backward armaments. In the knowledge that the Anglo-French preparations in the air and against air attack were still quite inadequate, and that there was no way of saving Czechoslovakia from being overrun by Germany both from the Austrian back-door and from the north, the British and the French Governments agreed, on condition that Germany refrained from invading Czechoslovakia, to accept some modification of their terms. History will decide whether Mr. Chamberlain was right in this decision or not. There is much to be said on both sides, and there was certainly no unanimity in public opinion at the time, either in Great Britain or in the Dominions. The evidence goes to show that Mr. Chamberlain's policy met with thankfulness and approval among the majority of people in the British Commonwealth.

Later events, however, have rapidly convinced not only the British Cabinet but also the overwhelming mass of people in Great Britain, and apparently in the British countries overseas and in the United States, that they are no longer confronted by claims for a reasonable dispensing of justice, but for something quite different, the forcible re-partitioning of the world, leading to its domination by the fascist totalitarian philosophy. In Herr Hitler's Saarbrücken speech of October 9, when he rejected Mr. Chamberlain's plea for negotiation because the latter was Prime Minister of a democracy that might at any time change its Government, in the renewed and sadistic persecution of the Jews, and finally in the attainment of his real aims of September last by a sudden military invasion of Bohemia and Moravia, followed by their annexation and the arrest by the Gestapo of all Czech leaders of independence and character, he made his real objective clear. He expounded his new programme in his speech to the Reichstag in reply to President Roosevelt's April note. What Herr Hitler demands is no longer the unity of the German race and

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a revision of the unjust clauses of the Versailles treaty, but "*Lebensraum*". This implies territorial expansion of a kind and extent to include under the direct government of the Reich lands for settlement, and the raw materials, foodstuffs and markets needed to make Germany fully self-sufficing, this to be achieved by the annexation and subordination of other peoples; and a superiority of armed force over all her neighbours, in the name of German security, to the end that Germany shall become the unassailable overlord of Europe, and ultimately of the whole non-American world.

There is an economic aspect of this claim which is legitimate and which the democracies will have to meet in some way. To this problem we will return later. When, however, the claim is pressed as the spearhead of a military imperialism, backed by a "total" organisation for war, which seeks to overthrow both individual and national freedom, the western democracies have no option but to take up the challenge. Their reply has been, not collective security on the old League model, but something very different, a grand alliance against aggression from a particular though not openly specified quarter.

At the time of writing that grand alliance takes the form of a mutual guarantee between Poland and Great Britain, reinforcing the Franco-Polish alliance, and stipulating that if either party is attacked, and decides to resist, the other party will come to its assistance with all its strength; of a mutual undertaking between Great Britain and Turkey to lend each other all the aid and assistance in their power in the event of an act of aggression leading to war in the Mediterranean area; and of unilateral guarantees by France and Great Britain to come to the assistance of Greece and Rumania, if they are attacked and resist.* Negotiations to include Soviet Russia in the system are continuing. Those are very formidable obligations, legally binding on Great Britain alone and not on the Dominions, though they have

* For the terms of these engagements, see below, pp. 604-606.

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been entered into, if not with their consent, at least without their dissent, so far as is known. In order to bring conviction of her sincerity to her allies, and to provide in as short a time as possible the reserves necessary to maintain an expeditionary force that could reinforce France, Portugal, Iraq, or Egypt or any threatened part of the Commonwealth in time of crisis, Great Britain has thrown over her ancient tradition of voluntary military service in time of peace, and has adopted a system of conscription.

The fundamental argument for this drastic change is necessity. The plan set forth in *Mein Kampf* is that of organising an absolutely united, disciplined and highly armed Germany, able through the resolution of its diplomacy and the weight of its armed might to impose its will on all its neighbours, one by one, where necessary with the help of allies. That plan was used first to escape from the fetters of the peace treaties, through the re-introduction of conscription, the breaches of other disarmament clauses, the re-militarisation of the Rhineland, and the absorption of Austria into the Reich. It was successful largely because the neighbours of Germany were unable to unite, feeling, as they did, that fundamentally Germany had much justice on her side in these demands. A large number felt the same about the Sudetenland. But the drastic and brutal subjugation of Czechoslovakia, in direct violation of the Munich "peace", followed by parallel action by Italy in Albania, produced a vehement revulsion of feeling. The test of justice now pointed the other way. There was nothing in the peace treaties to equal in repression the treatment of the Czechs. But by then the strategic position had been gravely prejudiced. It was clear that, unless Great Britain and France could form a solid coalition of resistance to further aggression, it would grow much worse. Poland, Rumania, Jugoslavia and the rest of the small States of central Europe would be speedily overrun or coerced into subordination; Russia and the United States

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would retire into defensive isolation; and Great Britain and France would be left alone, without allies, to attempt to resist the remorseless advance, first over Europe and then over most of Asia and Africa, of the anti-Comintern Juggernaut.

So far, the building of the grand coalition has gone well. Combined with the movement of the American fleet to the Pacific, it seems to have had the effect of loosening the allegiance of Japan to the Axis group. It has also raised in Italy widespread doubts whether the Axis policy is not leading her into total subordination to German policy, while leaving her to bear the main brunt of a war. On the other hand, all coalitions are inherently unstable. They depend upon the willingness of each member to go to war for all the rest, and that willingness is apt to flag with time.

It is extremely unlikely that Herr Hitler is going to abandon his programme. He will certainly try to prove that the coalition is not as solid as it seems. Some believe that he will try conclusions with France and England in the very near future, before they are fully rearmed; for, if he could achieve a sudden victory by the violence and unexpectedness of his attack, that would be his shortest road to world power. Others believe that he will wait until the present tension has died down, and then resume his military pressure on the weakest element in the grand alliance, confident that the rest will shrink from taking action that might lead to world war in order to prevent, for instance, the incorporation in the Reich of the German city of Danzig, which is also the key to Polish independence. If he succeeds in this, he will use this local success to prove that the coalition is impotent against German power and his own diplomatic skill. If the coalition resists, as it ought, it will be taking its stand, not on the particular merits of the Danzig issue or any other, but in order to restore two principles necessary to civilised international life: that every free nation, like the Czechs, has the right to independence, and that, the overdue changes in the treaty

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settlement having now been made, any further revision of the *status quo* must be carried out by free negotiation and not at the point of the sword.

II. WHY THE LEAGUE FAILED

BUT the consolidation of a coalition against aggression is clearly not enough. Before considering, however, the constructive policy that the democracies should offer as the alternative to the imperialism of the fascist Powers, let us examine briefly the reason why, despite the high hopes created by the victory of 1918 and the inauguration of the League of Nations, we find ourselves in the dire position of to-day. It is all the more important to do this because there is a tendency throughout the Commonwealth to attribute to the British Government all the responsibility for our troubles, whereas, on any dispassionate view, that responsibility must be shared by other Governments and also by the Opposition critics in Parliament themselves.

The prospects of a new and better world, based on the League of Nations, depended upon two conditions. The first was universal membership of the League, which meant the adhesion of the United States and in due course of Germany and of Russia. The second condition was three-fold: that the peace settlement should have been such as to command, in time, general acceptance; that the League should have adequate powers of treaty revision; and above all that it should be able to limit both economic nationalism and armaments. In fact, none of these conditions was realised. There was no universality, because the United States rejected the League, and by the time that Russia was ready to join it Japan, Germany and, in effect, Italy, had withdrawn, in order to try to upset the *status quo* by force. There was no real revision, because, on the lapse of the Anglo-American treaty of guarantee to France, through the withdrawal of the United States and Great Britain's delay in offering to fulfil it by herself, France fell back upon her

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original policy of attempting to keep Germany permanently weak. She exchanged Briand for Poincaré, invaded the Ruhr, organised an anti-German alliance system which dominated the League, and refused to make any concession on the fundamental territorial conditions of the treaty of Versailles, or on the clauses requiring Germany's unilateral disarmament and prohibiting the military occupation of the Rhineland, until she had been given back the joint Anglo-American security that she had been promised. This was perhaps a natural policy in the circumstances. But it was a fatal policy. It prevented the League from doing its proper work in Europe, and it became in the end the major factor in giving Hitler and National Socialism control of Germany.

Perhaps even more serious, in the long run, was the inability of the League to limit economic nationalism. The stoppage of migration, the well-nigh universal pursuit of national self-sufficiency by way of high protection, quotas, embargoes, exchange restrictions and subsidies, and the attempt to collect unmanageable war debts and reparations, were the main causes of the unemployment and the social stresses that led to the substitution of totalitarianism or militarism for liberal democracy in Italy, Japan and Germany and in other smaller countries.

The failure of the League to realise the three conditions mentioned above was not due principally to the defects of individual statesmen: it was the inexorable consequence of the decision, inevitable no doubt in 1919, that the post-war world should be organised as a system of co-operation between sovereign States.

A further and even more formidable consequence was the growth of a movement, gathering strength as war-weariness died away and the difficulty of obtaining treaty revision by peaceful means became clearer, to alter the settlement by force. The militarist and dictatorial parties that came to power in the wake of this movement rapidly began to win local successes, in the Far East, in Abyssinia, in Europe. They were able to do so mainly because of two

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fundamental mistakes made by the English-speaking peoples in their post-war policies. Although it had taken the combined resources of France, the British Commonwealth and the United States, not to mention smaller countries, to defeat Imperial Germany and her allies, and although, as is now clear, if the League was to function and the liberal principles of the post-war settlement were to be protected, an irresistible coalition should have been maintained at the heart of the League, the three victorious democratic great Powers fell apart immediately the war was over. Secondly, Great Britain and the United States, trusting to their apparent geographical immunity, not only withheld their guarantee to France, but also adopted the convenient view that disarmament was the road to peace.

This was, in practice, a fatal policy in a world in which all nations still retained their sovereignty, and in which there was no general acquiescence in the *status quo*. Until federation abolishes sovereignty and creates a true world government amenable to public opinion, the nations will continue to live in anarchy, whatever their contractual obligations may be; and under conditions of anarchy it is power and not public opinion that counts. For sovereign States, when their rights are denied or their interests diverge, and they fail to settle the dispute by arbitration, diplomacy or conference, find that their only remedy is an appeal to force. Even when Japan, Italy and Germany, dissatisfied with the *status quo* and determined to alter it by the show of superior military power, had begun to discipline their people and to rearm, the British Commonwealth and the United States still clung to the ideal of disarmament. The fundamental, though not the only, explanation of the tragic history of the last eight years is to be found in the failure of the English-speaking democracies to realise that they could prevent aggression only by unity and by being strongly armed enough to resist it wherever it was attempted. For this the Oppositions have been at least as responsible as the Governments.

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The story begins with Manchuria. By 1931, the military party in Japan had made up its mind that the only way either to relieve internal economic tensions in Japan or to secure her political future as a great Power was to expand in China. They began that expansion by the annexation of Manchuria. It is widely believed that, if only Sir John Simon had supported Mr. Stimson instantly and vigorously, the first breach in the post-war treaty system would have been prevented and all subsequent disintegration avoided. Sir John Simon's diplomacy may indeed have been slow and unsympathetic. But the interpretation does not take into account the underlying realities. The Far East and the Pacific were governed, at that time, by the Washington treaties, which contained, in substance, two provisions. The first was that the nine signatory Powers would respect the integrity and independence of China, which included Manchuria. The second was that the three main naval Powers, Great Britain, the United States and Japan would end the possibility of war between them by agreeing to a naval ratio of 5 : 5 : 3 for the three navies and to the non-fortification of any naval harbours in the vast ocean triangle bounded by Hawaii, the mainland of Japan and Singapore. This last provision gave the United States command of the eastern Pacific, Great Britain that of the southern Pacific and the seas around the Dutch islands, and Japan that of the China seas and the western Pacific.

The Washington treaties, admirable as they were from the liberal point of view, gave the Japanese power-politician his opportunity. The power-politician feels free to embark upon a policy of might when he is convinced that no superior force, military or economic, will be brought against him. In the absence of such superior force, no appeals to the moral judgment of mankind have the slightest effect. In no instance since the war has the militarist been deterred by moral condemnation, neither in China, nor in Abyssinia, nor in Spain, nor in

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central Europe. The only way, therefore, in which Japan could have been checked in Manchuria would have been for the League Powers and the United States to impose decisive economic sanctions. Such a policy was never proposed either by the United States or by Great Britain. But that is only half the problem. Collective economic sanctions, to be effective, require collective action in dealing with retaliation. Over Manchuria as over the invasion of China in 1937, effective economic sanctions would almost certainly have led to retaliation by Japan—in the shape, no doubt, of an attempt to seize vital supplies of oil and rubber from the tropical territories to the south—unless she had been opposed by superior naval power. In 1931, the naval base of Singapore was not built, and Russia was not in the League; and in 1937, while Russia was a member of the League and the Singapore base was nearly complete, the British navy was so deeply engaged in the Mediterranean and the North Sea that Great Britain would have found it very difficult to maintain at Singapore a force superior to the force that Japan could deploy against her. Any collective policy against aggression in the Pacific therefore depended then, as it depends now, on whether the supreme navy in the Pacific, the American navy, is or is not “in the game”. And no promise to use the American navy in joint resistance to retaliation against any collective sanctions was forthcoming, either in 1931 or in 1937.

The Far Eastern case illustrates the essence of the whole problem of the last nine years. In the game of power politics as played by the totalitarian States, what counts in any crisis is not the moral justification for one's cause, though that may have profound effects in the long run, but the armed power that can be brought to bear at the particular spot involved. If the British Government, like the French and other Governments, have been irresolute in their diplomacy, a main cause of that irresolution has been the knowledge that the opposing Powers were as a rule stronger than the democracies at the particular point

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menaced, and that the democracies were extremely loath to use war or the threat of war as an instrument of their policy. The weakness of the Opposition in Great Britain has been that, while the policy that it has advocated has often been theoretically right, it has demanded bricks without straw, because until comparatively late in the day it resisted rearmament, without which its policy would have led to disaster, just as it has recently resisted conscription. Neither Government nor Opposition can therefore escape responsibility for the present situation, and it would conduce to national unity if both sides would admit that the other side had not been solely to blame. And much the same may be said of the British Commonwealth overseas. The most passionate critics of United Kingdom policy in the Dominions, and those who have demanded most loudly the taking of vigorous action, have seldom urged their own countries to prepare for, or to pledge themselves to take an active part in, the armed struggle to which the adoption of their policy might lead.

In all the subsequent crises through which we have degenerated into our present position, the same issue can be seen. Except over Abyssinia, where the decisive factor was the determination of France, after Herr Hitler's re-introduction of conscription, not to break the Stresa front and thus to drive Italy into Germany's arms, the problem was always the reluctance of the democracies to threaten or use war as the instrument of their policy, combined with their military unpreparedness. This difficulty of adjusting their external policy to the means that they possess to enforce it is almost inherent in democracy. Within a democratic State, the question of adjusting policy to power never arises. Party warfare, by wordy controversy, seeks to collect a majority of votes at the next general election, after which the control of the overwhelming legislative and police power of the state automatically passes, without bloodshed, into the hands of the victorious party. But in international affairs recriminatory propaganda does not

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persuade other nations. In so far as it reaches them at all, it only infuriates them. There is no general election at which the issues can be settled and power transferred by majority vote. Where agreement by conference or diplomacy proves impossible, only an appeal to power politics or war remains, and the decisive question is which party can mobilise superior armed force at the point of crisis or in the world as a whole.

At long last these realities seem to have been grasped by all parties in Great Britain. The Government have realised that appeasement by reasonable compromise will not suffice unless they can make clear that they can and will resist attempts to impose decisions by force. The Opposition are realising that phrases and a fine moral policy will not suffice unless they are willing to make the sacrifices necessary to produce superiority in armed power at the point where the crisis arises. And both now realise that collective security, in the old League sense of the term, disappeared as soon as the great Powers began to rearm, because the small nations, who can produce little armed strength, were thus inevitably driven back to neutrality; and that, once the totalitarian militarist Powers set out to alter the *status quo* by force, the only answer was the grand military alliance, which it was one of the main objects of the League to prevent.

III. ALLIANCE IS NOT ENOUGH

THE organisation of resistance to aggression is not, however, a sufficient policy either for the democracies or for the British Commonwealth, even though it be the most urgent task immediately before them. If they are to succeed in resisting totalitarian aggression, and still more if they are to avoid the world war towards which, in the end, the reappearance of two great military alliances logically leads, they must be able to put forward a constructive programme. Not only must the programme command

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unity and enthusiasm among themselves; it must also offer a better future to the peoples of the totalitarian States than that which subservience to the present policy of their leaders promises. That programme, in addition to standing for the liberty of the individual as against the secret state police, and for the autonomy of all nations, must also contain two other fundamental elements. The first is reasonable economic liberty and equality both for individuals and for nations. The second is some form of world organisation that will assure security for these conditions and lasting peace.

These two objectives are in fact inseparable. The most formidable pressures towards imperialism and expansionism in the last fifteen years have been economic. Japan says that she has entered China because in no other way could the inhabitants of her own islands live. Italy, deprived of the relief of emigration to the New World and of access to markets, justified her conquest of Abyssinia on the same grounds. Hitler now points to the map and demands *Lebensraum*—living space—for the German people. Germany, he says, must eat or die. On no other excuse could the dictatorships persuade their peoples to submit both to rigid discipline at home and to the risks of war abroad. It would be relatively easy to adjust the administrative frontiers between racial States, were it not that the political frontiers are also the barriers to emigration and economic intercourse. If, under a universal régime of free trade and national self-government, the resources and markets of the whole world were open to everybody, there would be no justification for imperialism, and the main present ground for international outrage would disappear. Because all nations to-day try to keep their markets to themselves, forbid immigration, and bar international trade by tariffs, quotas, exchange controls and subsidies, those who study maps contrast the apparently vast extent of the French and British empires, or the thinly populated United States or British Dominions, with the crowded territorial areas of

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Germany or Japan, and proceed to demand territorial revision on the grounds of equality and justice. Yet her empire has not solved her economic problem for Great Britain. Partly because she has encouraged self-government, with the result that each constituent State has its own economic policy, and partly because the big international trade of the world is always between the developed industrial States and not with colonies at all, and this trade has been restricted by economic nationalism, she still has a vast army of unemployed.

If there is not to be a world war for the redistribution of natural resources by territorial changes—a war that would solve nothing because it would not strike at the root of the problem—it is essential that the democracies should face the issues involved. This requires both a short-distance and a long-distance policy. An immediate step was advocated by President Roosevelt in his letter to Herr Hitler and Signor Mussolini proposing an international conference to deal with these economic problems, and with disarmament, provided there was agreement on a ten years' truce from war. That proposal should be kept in the forefront of diplomatic discussion, though it is unlikely to be effective unless and until the democracies and their allies can convince the dictatorships that an attempt to re-draw the map by power politics or war cannot succeed.

But any permanent solution of this economic problem, as of the problem of peace and of national and individual liberty, depends upon whether the nations can deal in some way with the national sovereignty that has destroyed the League and the hopes with which the war of 1914-18 ended. It is now quite clear that the nations cannot secure peace, liberty or prosperity, either by isolationism or by neutrality, or by any League or contractual system that leaves the sovereignty of its members intact. Indeed the anarchy of sovereignty lies at the bottom of the totalitarian attempt to create peace and order in Europe and perhaps elsewhere in the world by imperialism, that is, by the domination of

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certain armed races over the rest, at the price of the loss both of individual and of national freedom. That attempt cannot in the end succeed. The forces of liberty are too well organised and too strong, though immense loss and damage may be inflicted on the world before that issue is decided. But in the long run, if the world is not to be doomed to recurrent war to save national liberty from being destroyed by imperialism, there must be a new system of international organisation, stronger than the League. It must be strong enough to prevent rearmament and war. It must be empowered to restrain economic nationalism and prevent the undue restriction of emigration. The price of this is that the nations should be willing to surrender some of the unlimited sovereignty that they now possess. Then, and then only, will mankind have begun to lay the constitutional foundations on which alone a true world civilisation can be built, giving peace, national and individual liberty, and prosperity to all.*

* For a further discussion of this issue, see the article below on "*Union Now*."

PALESTINE : A LEAF TURNED

I. THE LONDON MEETINGS

THE London Conference on Palestine failed conspicuously in its prime object of reaching an agreed settlement. No blame for that can be said to attach to Mr. Malcolm MacDonald, the Colonial Secretary, who devoted himself to the task of mediation with untiring patience and persistence. In the strict sense of the word there was no conference at all, but rather two series of parallel conversations with the British Government; for on no occasion did the Palestinian Arabs meet or confer with the Jewish representatives. This refusal to recognise the *locus standi* of the Jewish Agency for Palestine, the "appropriate Jewish agency" set up by article IV of the mandate, may be taken as a measure of Arab intransigence.

The Arab delegation included five members of the former Higher Arab Committee, who expressed the views of their absent leader, the Mufti, and two representatives of the Arab Defence (or Nashashibi) party. The latter group are rivals of the Mufti's clan, the Husseini, but differ from them only over the employment of terrorism. In addition, the British Government invited representatives of the neighbouring States, Egypt, Iraq, Saudi Arabia, the Yemen and Trans-Jordan. Thirdly, there was the Jewish delegation, consisting of Dr. Chaim Weizmann and four other members of the Agency, together with certain members of the Jewish Conference Committee, an advisory body representative of world Jewry.

It will be well to consider the points of view of each of the participating delegations as expressed during the opening sessions; for none of them subsequently deviated in

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any important particular from its initial position. The Palestinian Arabs demanded political independence and the immediate cessation of Jewish immigration, offering safeguards to the existing Jewish minority and an alliance with Great Britain on lines similar to the Egyptian and 'Iraqi treaties. They were demanding, they insisted, nothing more than their bare rights, which had been explicitly recognised in British pledges given during the war of 1914-18 in return for support against the Turks. Palestine, they claimed, was an Arab country, having as clear a right to independence as her autonomous neighbours; and, that being so, the determination of the Arab population to prevent further Jewish penetration was in law and equity irresistible. No peaceful settlement was possible which failed to recognise and accept that exercise of a national will. The contention of the representatives from the neighbouring States differed from this only as regards the implications of the Arab case. To their Palestinian colleagues they counselled moderation in method of presentation: to the British they laid more stress upon the importance of a contented Palestine to British imperial interests in the Moslem world.

If the Arabs claimed that they had right on their side, so too did the Jews, and with equally passionate conviction. By the Balfour Declaration, they said, the British Government had solemnly bound itself to promote a Jewish National Home in Palestine, and that promise had been explicitly recognised and confirmed by fifty-two member-nations of the League in drafting the terms of the mandate. The Jews had faithfully carried out their side of the bargain by supporting the Allied cause in all parts of the world. They did not now ask for an eventual majority in Palestine as a whole: indeed, they had steadily circumscribed their aims for the sake of relieving the embarrassment of the mandatory Power, until finally they had accepted (though with great reluctance) the partition scheme, which would have restricted Jewish settlement to a small corner of the

PLEDGES AND THEIR MEANING

country. They were prepared to give fair and serious consideration to any proposals, provided that they did not contravene two conditions: the maintenance of parity status, and non-crystallisation of the existing position respecting land settlement. As to the contention that the Jews were in Palestine on sufferance and not as of right, because Palestine had, in fact, been included among the Arab territories for which independence had been promised, the relevant documents (the Jewish delegates asserted) would not bear any such interpretation.

The Jews were on the defensive, but they clung grimly to what they felt to be the essential *minima*, that is to say, a guaranteed security in Palestine (other than mere Arab promises) and continued opportunity, under almost any form of restriction, to plant Jewish immigrants on the land in so far as economic conditions could be shown to justify it. In other words, let everything possible be done to satisfy Arab aspirations, but Zionism—however limited the sphere—must go on. And that, of course, was precisely where the Arabs returned an adamantine “No”.

II. PLEDGES AND THEIR MEANING

IN searching for a basis upon which to build a settlement acceptable to all parties, the British Government found themselves confronted by the circumstance that Arabs and Jews based their claims of right upon directly opposing interpretations of certain historical documents. The famous correspondence between Sir Henry McMahon, High Commissioner at Cairo, and the Sherif Hussein of Mecca, in 1915 and 1916, was accordingly published in full as a White Paper, and this was followed by another which included the message of Commander Hogarth to Hussein in January 1918, and the declaration of the High Commissioner to the seven Arab leaders in Cairo in June of that year.* A British committee, with the Lord Chancellor as

* Extracts from these documents are printed below, pp. 470-475.

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chairman, scrutinised these and other relevant documents in collaboration with certain of the Arab delegates. The official British interpretation decisively negated the Arab contention that Palestine was among the territories to which independence had been promised. Taken by itself, that denial would validate the opposite contention that Palestine was a country where there was no bar to the establishment of a Jewish State. But the committee's report did not stop there: it went on to examine the other relevant declarations and promises, and arrived at this equally important conclusion: "it is evident from these statements that His Majesty's Government were not free to dispose of Palestine without regard for the wishes and interests of the inhabitants of Palestine." The following pledge had indeed been given in the "Declaration to the Seven":

It is the wish and desire of His Majesty's Government that the future government of these regions * should be based upon the principle of the consent of the governed, and this policy has and will continue to have the support of His Majesty's Government.

In the opinion, therefore, of the British Government they are not bound by pledges to grant independence to the Palestinian Arabs, they are bound by the Balfour Declaration to promote a National Home for the Jews, and they are further bound not to dispose of Palestine in opposition to the wishes of the inhabitants.

What *were* the wishes of the inhabitants? They were inarticulate at the time, but the views of their leaders seem clear enough. Commander Hogarth, commenting on his conversation with King Hussein in January 1918, wrote: -

The king would not accept an independent Jew State in Palestine, nor was I instructed to warn him that such a State was contemplated by Great Britain. He probably knows little or nothing of the actual or possible economy of Palestine and his ready assent to Jewish settlement there is not worth very much. But

* *I.e.* "Areas formerly under Ottoman dominion, occupied by the Allied forces during the present war."

PLEDGES AND THEIR MEANING

I think he appreciates the financial advantage of Arab co-operation with the Jews.

There is evidence that the Emir Feisal and other Arab leaders also gave their assent and approval to the project of a Jewish National Home. The very fact that they did so seems to show beyond doubt that they assumed the compatibility of the project with the general pledge of Arab self-government—the sole *raison d'être* of the Arab Revolt. The establishment of a colony of wealthy and enterprising fellow-Semites in Palestine would seem as desirable as did the immigration of Flemish weavers into England in the days of Edward III. How could these Arabs foresee that the undying passion for the rebuilding of Zion would loose the purse-strings of Jews throughout the world and inspire the settlers with such heroism that the desert literally blossomed as the rose? Zionism, in fact, has been almost too successful to succeed.

The “wishes of the inhabitants”, then, may be summarised as an initial welcome, given under a misapprehension, a welcome which has now been withdrawn as the result of experience, and which no arguments of economic advantage will induce them to restore. In their eyes, Zionism, from being a useful aid, has become a menace to their national existence, and therefore no longer compatible with Arab self-determination.

And what of the British Government? According to Mr. Lloyd George's evidence before the Peel Commission, the possibility of a Jewish commonwealth in which the Arab population would be in a minority was in fact contemplated. To that, the only honourable answer is that our pledges to the Arabs were never consistent with a Jewish majority in Palestine as a whole, and no valid promise implying this could ever have been given. The Balfour Declaration holds good—it must: but only in so far as it does not obstruct the evolution of Arab self-government. Many Jews would accept that proposition to-day, subject to certain conditions.

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The problem confronting the Government is how to render a Jewish National Home compatible with the equally valid aspirations of the Arabs. It is far more difficult now than it was at the outset, for the Arabs are afraid, furiously afraid; and the Zionists, who had hoped to master the country and so to be masters of their own destiny in at least one corner of the world (and that the most sacred), find themselves in danger of sinking into an unprotected minority, living on sufferance and subject to the caprice of their hosts—a return, in short, to their immemorial captivity. Rather than submit, many Palestinian Jews would fight, forlorn though their cause would be. The prospect of British troops in action against a Jewish community of refugees is not pleasant to contemplate. On the other hand, expediency no less than honour demands that our pledge to the Arabs shall be no longer delayed in its execution. The Zionists counted on winning security by means of predominance. How is that security, to which they have an unquenchable right, to be assured to them as a minority? That is the immediate problem.

III. PAST EFFORTS AT SOLUTION

IN order to test by these vital requirements the British Government's latest proposals for Palestine, it will be well to consider briefly the solutions previously suggested. They may be described as the Shaw plan, the partition scheme and the Woodhead compromise. In 1930, in consequence of growing unrest in Palestine, the Shaw Commission were sent out, and in due course made a report. Its terms implied such far-reaching changes in policy that Sir John Hope Simpson was hastily despatched to re-examine the situation. His report, however, substantially endorsed that of the Commission. Thereupon Lord Passfield embodied their recommendations in a White Paper which aroused a storm of protest. He proposed to establish autonomy in Palestine in successive stages, and

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to impose drastic restrictions upon Jewish immigration and land purchase, in order to check the serious increase of landless Arabs. Naturally, the Zionists were alarmed: the ground was slipping from beneath their feet. Pressure was accordingly brought to bear upon the Government, with the result that Mr. Ramsay MacDonald, in his famous letter of 1931 to Dr. Weizmann, capitulated. The first serious attempt to reduce the implications of the Balfour Declaration to terms compatible with our pledges to the Arabs had failed. Meanwhile, the situation in Palestine itself grew progressively worse.

Then came the Royal Commission, headed by Lord Peel. Their report is the most brilliant and balanced exposition of the problem that has ever been written. They frankly recognised that in Palestine there was a conflict of right *versus* right; that being so, the proper answer to the question whether it was to be the Jews or the Arabs who should dominate Palestine was "Neither". Searching for means wherewith to translate that principle into action, they hit upon the valuable device of territorial limitation. Let the country be partitioned into two independent areas, one Jewish and the other Arab. In the former the Zionists would be free to convert their ancient dream into reality, importing as many Jews as they found themselves able to absorb. Similarly, in the latter, the Arabs would be masters of their own destiny, free at last from any fear of Jewish encroachment. Thirdly, the sacred sites in and about Jerusalem would be withheld from the control of either and retained under an international mandate. The principle of territorial limitation was indubitably sound, and it is not too much to say that no future plan which ignores it has any chance of success. But unfortunately the population pattern of the country does not correspond to two racial *blocs*, however the boundaries may be drawn. Recognising this, the Peel Commission recommended the compulsory transference of population. The British Government, on receiving the report, accepted the principle

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of partition, but rejected compulsory removal. In so doing, they virtually killed the partition plan.

The Woodhead Commission thus went out to Palestine to make the best of a scheme already rendered moribund. The boundary plan tentatively suggested by the Peel Commission was examined and rejected, chiefly because the proposed Jewish State would have included 295,000 Arabs as against 305,000 Jews, while within the Arab State there would be only 7,200 Jews and 485,200 Arabs. A forced transplantation was ruled out, and an effective adjustment by means of voluntary exchange was for obvious numerical reasons impossible. The commissioners then turned to a variant of the Peel Commission's scheme, which they called "Plan B". This would have excluded Galilee from the Jewish State, the land and population in that area being overwhelmingly Arab. But what was to be done with Galilee? If it remained under Arab control, it would constitute, from its position, a permanent military menace to the Jews. If, on the other hand, it remained under mandatory control, the Galilee Arabs would be denied their independence "in order to ensure the security of the Jewish State". Plan B was accordingly rejected.

The Commission then discussed a partition scheme of their own, under which there would be a northern mandated territory (an enlarged Galilee), a Jewish State along the coast, an Arab State in the centre, a mandated enclave about Jerusalem, and a southern mandated territory comprising the Negeb. It is clear that the Woodhead Commission regarded their plan with serious misgiving. The Galilee problem had not been solved, and grave objections relating to defence, financial administration and labour problems were frankly admitted. Finally, in desperation they went beyond their terms of reference and proposed a customs union for the five suggested zones, directed by the mandatory Power, a service that might possibly be extended to include railways, posts and telegraphs. They thus proposed an important curtailment of political independence.

PAST EFFORTS AT SOLUTION

Although their terms of reference have been criticised by advocates of the Peel Commission's scheme of partition, the Woodhead Commission manifestly gave the most patient attention, not only to problems of defence, but also to statistics of population, industry, soil productivity and hydrographic surveys; and found that in sum they pointed irresistibly to the impracticability of carving the country into politically independent parts. Palestine is industrially and strategically one unit. Moreover, the fact remains that the mere mention of the word "partition" provokes so violent a reaction in the mind of the Arab that its attempted application would undoubtedly cause immediate civil war within the Jewish State.

Yet this is not to say that the idea of territorial limitation is wrong in principle or inapplicable in practice. The report of the Peel Commission has been unjustly depreciated. It made an invaluable contribution to a permanent settlement by pointing out that Jews and Arabs must be sorted out from each other, in order that each party should be able to live its own life in its own way. But complete political separation goes too far, because it ignores the fact that the two race groups are economically and strategically interlocked. What is required to fit the circumstances is political segregation combined with association for common purposes—which is another way of describing federalism. An independent Palestinian federation alone satisfies the crucial tests. It provides for a Jewish National Home on a territorial basis without arousing the fear (and therefore the hostility) of the Arabs. It implements the general pledge of independence given to the Arabs, which ought no longer to be denied them. And—what is perhaps most important of all—it meets the needs of a complex social and economic situation, under which an Arab population, which is multiplying at a phenomenal rate, will be in increasingly urgent need of more cultivable land, better methods of agriculture, and wider fields of employment, which Jewish enterprise and

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capital can provide. But before the latter can so provide, and before the Arabs will consent to receive, there must be mutual trust and confidence, which can only grow out of a sense of security on the part of each. Political separation would achieve a certain degree of security: but only a federal solution can combine security with co-operation—without which the country will eventually face destitution and anarchy.

IV. THE BRITISH GOVERNMENT'S PLAN

IT remains to be considered how far, if at all, the British Government have moved towards a federal solution. On February 27 last, when the London Conference was in complete deadlock, the Colonial Secretary produced a tentative outline plan. This document apparently envisaged the emergence of a sovereign independent Palestine after a period of transition, during which Arabs and Jews would be associated in the administration. If this were accepted as a basis, questions concerning immigration, land sales and the safeguarding of minorities would be settled at a subsequent conference. 'The Arabs' reception was lukewarm: that of the Jews was immediate and downright rejection. The former disliked the period of probation, and more particularly the ambiguity concerning future Jewish immigration and land purchase, while the latter asserted accurately enough that their essential *minima*, parity status and non-crystallisation of the present position of the National Home, had been entirely ignored.

On March 16 the Government made a final effort to reach an agreed settlement by producing a new and detailed scheme. In general shape, this seems to have been not unlike the definitive plan eventually published on May 17,* after further consultations had taken place in London, Jerusalem and Cairo. After analysing the terms of the mandate—and incidentally repudiating once and for all any intention of making Palestine a Jewish State—the British

* Cmd. 6019.

THE BRITISH GOVERNMENT'S PLAN

Government declare in the new White Paper that in order best to fulfil those terms they aim at the establishment within ten years of an independent Palestine State, in which Arabs and Jews will share in the government in such a way as to ensure that the essential interests of each community are safeguarded. This consummation will be preceded by a transitional period during which, while the British Government will retain responsibility for the government of the country, the people of Palestine, both Jews and Arabs, will be given an increasing part in it. Certain departments, and eventually all, will be placed in charge of Palestinians, with British advisers. Consideration will then be given to the question of converting the Executive Council into a Council of Ministers. No proposals are made at this stage for the establishment of an elective legislature, though this would be "an appropriate constitutional development". At the end of five years from the restoration of peace and order, a convention representative of the people of Palestine and of His Majesty's Government will consider how the transitional arrangements have worked and how the independent Palestine State may be constituted. During the transitional period, steps will also be taken to increase the powers and responsibilities of municipal corporations and local councils.

With regard to immigration, Jewish hopes have received a heavy blow. If, runs the White Paper, immigration is continued up to the economic absorptive capacity of the country, regardless of all other considerations, a fatal enmity between the two peoples will be perpetuated, and the situation in Palestine may become a permanent source of friction among the peoples of the Near and Middle East. His Majesty's Government have therefore decided that the time has come to adopt in principle the policy of permitting expansion of the National Home by immigration only if the Arabs are prepared to acquiesce in it. They do not propose that immigration should be stopped forthwith, but that, if economic capacity permits, some

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75,000 Jews shall be admitted over the next five years, a figure that would bring the Jewish population up to approximately one-third of the total population of the country. Thereafter, His Majesty's Government do not believe it will be their duty to facilitate further Jewish immigration regardless of Arab wishes. In certain areas, continues the White Paper, there is now no room for further transfers of Arab land, while in some other areas such transfers must be restricted if Arab cultivators are to maintain their existing standard of life and a considerable landless Arab population is not soon to be created. The High Commissioner, therefore, has been given for the transitional period general powers to prohibit and regulate transfers of land.

In this provision, and in the promise to increase the powers and responsibilities of local authorities, lie the only hints that some form of federalism may emerge from this plan, as the way in which the essential interests of each community shall be safeguarded in the independent Palestine State. Save for those hints, the Government would seem to have turned their backs, not only on partition, but indeed on any form of territorial demarcation. This would mean, bluntly, the certain ending of Jewish immigration after five years, the crystallisation of the National Home, and the condemnation of the Jews in Palestine to the status of a mere minority, possessing no self-governing institutions of its own of any real importance. It may not be too late to graft upon the Government's plan a federal scheme in which the control of land sales and immigration would eventually pass to elective provincial governments. The boundaries of the provinces might correspond, generally, with the several areas of unrestricted, restricted and prohibited land transfer now contemplated, indicating respectively a future Jewish province, a future mixed province in the north (and possibly another south of Beersheba in the Negeb), and a future wholly Arab province.

The Jews would thus enjoy the advantages of partition

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without having to defend an indefensible frontier and without impairing the economic unity of the country. They would be free to go on building the National Home : if they allowed too much or too rapid immigration, they themselves would be the first to suffer. Similarly, the Arab province could continue an absolute ban on land sales and immigration. The northern " mixed " province, inhabited by both Jews and Arabs, might be retained for some time as a federal territory, governed directly from the centre. Land sales should probably be prohibited there ; for what is available will be badly needed for the rapidly growing Arab population of Galilee. The Jews, however, are contemplating extensive reclamation work in that area and are prepared to set aside a reasonable proportion of all land reclaimed for Arab settlement. After a period of such experience it is difficult to believe that the Arabs there would refuse to join the Jews in working a provincial administration. Finally, there is the desert region in the extreme south known as the Negeb, which is empty save for a few bands of roving Bedouin. The prospects of agricultural development are slight. Out of sixteen wells which have been sunk, only one has revealed usable water. But the Jews are ready to try their fortune. Should they succeed in creating something out of virtually nothing, their enjoyment of it would hurt no one. This area, too, might be governed as a federal territory for a given period or until a certain minimum of population had accumulated.

But that is not the whole story. A complex situation has been further bedevilled by the most extensive *pogrom* that Europe has yet witnessed. Zionism became a menace to peace and roused the Palestinian Arabs to desperate resistance chiefly because, under pressure of an extreme emergency, the Zionist leaders tried to convert a National Home into an international reservoir for fugitive Jewry. If the flow of Jewish immigration into Palestine is to be reduced to a trickle, as seems inevitable, surely sound policy no less than humanity demands that the migratory

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stream be not dammed but diverted. Several possible areas have been mentioned, such as Dominica, Santo Domingo and British Honduras. The most hopeful is undoubtedly British Guiana, a country as large as Great Britain and almost empty beyond the low-lying coastal belt. The upland savannahs offer a temperate and healthy climate and a rich soil suitable for agriculture and cattle-breeding. An Anglo-American commission of inquiry has now reported with qualified optimism on the country's possibilities, recommending an immediate experiment with the group settlement of some 3,000 to 5,000 migrants. His Majesty's Government promptly announced their readiness to co-operate to the full in any such scheme upon which the refugee organisations might decide: lands would be leased on generous terms, administrative machinery provided, and aid given in the construction of arterial communications. If this experiment succeeds, the result will not be Zion; but in the fullness of time it may well become a self-governing, self-reliant Jewish nation.

DOCUMENTS: BRITISH PROMISES TO THE ARABS

I. EXTRACTS FROM THE CORRESPONDENCE BETWEEN SIR HENRY MCMAHON, H.M. HIGH COMMISSIONER IN CAIRO, AND THE SHERIF HUSSEIN OF MECCA. Cmd. 5957.

No. 1. *From the Sherif of Mecca to Sir Henry McMahon, His Majesty's High Commissioner at Cairo.*

July 14, 1915.

WHEREAS the whole of the Arab nation without any exception have decided in these last years to live, and to accomplish their freedom, and grasp the reins of their administration both in theory and practice; and whereas they have found and felt that it is to the interest of the Government of Great Britain to support them and aid them to the attainment of their firm and lawful intentions. . . . And whereas it is to their (the Arabs') interest also to prefer the assistance of the Government of Great Britain in consideration of their geographical position and economic interests, and also of the attitude of the above-mentioned Government, which is known to both nations and therefore need not be emphasised;

For these reasons the Arab nation see fit to limit themselves, as

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time is short, to asking the Government of Great Britain, if it should think fit, for the approval, through her deputy or representative, of the following fundamental propositions, leaving out all things considered secondary in comparison with these, so that it may prepare all means necessary for attaining this noble purpose, until such time as it finds occasion for making the actual negotiations:—

Firstly.—England to acknowledge the independence of the Arab countries, bounded on the north by Mersina and Adana up to the 37° of latitude, on which degree fall Birijik, Urfa, Mardin, Midiat, Jezirat (Ibn 'Umar), Amadia, up to the border of Persia; on the east by the borders of Persia up to the Gulf of Basra; on the south by the Indian Ocean, with the exception of the position of Aden to remain as it is; on the west by the Red Sea, the Mediterranean Sea up to Mersina. England to approve of the proclamation of an Arab Khalifate of Islam. . . .

No. 2. *From Sir H. McMahon to the Sherif of Mecca.*

August 30, 1915.

WE have the honour to thank you for your frank expressions of the sincerity of your feeling towards England. We rejoice, moreover, that your Highness and your people are of one opinion—that Arab interests are English interests and English Arab. . . . With regard to the questions of limits and boundaries, it would appear to be premature to consume our time in discussing such details in the heat of war, and while, in many portions of them, the Turk is up to now in effective occupation. . . .

No. 3. *From the Sherif of Mecca to Sir H. McMahon.*

September 9, 1915.

. . . As the limits and boundaries demanded are not those of one person whom we should satisfy and with whom we should discuss them after the war is over, but our peoples have seen that the life of their new proposal is bound at least by these limits and their word is united on this:

Therefore, they have found it necessary first to discuss this point with the Power in whom they now have their confidence and trust as a final appeal, viz., the illustrious British Empire. . . .

No. 4. *From Sir H. McMahon to the Sherif of Mecca.*

October 24, 1915.

. . . I HAVE realised, however, from your last letter that you regard this question as one of vital and urgent importance. I have, therefore, lost no time in informing the Government of Great Britain of the contents of your letter, and it is with great pleasure that I communicate to you on their behalf the following statement, which I am confident you will receive with satisfaction:—

The two districts of Mersina and Alexandretta and portions of Syria lying to the west of the districts of Damascus, Homs, Hama

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and Aleppo cannot be said to be purely Arab, and should be excluded from the limits demanded.

With the above modification, and without prejudice to our existing treaties with Arab chiefs, we accept those limits.

As for those regions lying within those frontiers wherein Great Britain is free to act without detriment to the interests of her ally, France, I am empowered in the name of the Government of Great Britain to give the following assurances and make the following reply to your letter :—

(1) Subject to the above modifications, Great Britain is prepared to recognise and support the independence of the Arabs in all the regions within the limits demanded by the Sherif of Mecca.

(2) Great Britain will guarantee the Holy Places against all external aggression and will recognise their inviolability.

(3) When the situation admits, Great Britain will give to the Arabs her advice and will assist them to establish what may appear to be the most suitable forms of government in those various territories.

(4) On the other hand, it is understood that the Arabs have decided to seek the advice and guidance of Great Britain only, and that such European advisers and officials as may be required for the formation of a sound form of administration will be British.

(5) With regard to the *vilayets* of Bagdad and Basra, the Arabs will recognise that the established position and interests of Great Britain necessitate special administrative arrangements in order to secure these territories from foreign aggression, to promote the welfare of the local populations and to safeguard our mutual economic interests. . . .

No. 5. *From the Sherif of Mecca to Sir H. McMahon.*

November 5, 1915.

1. IN order to facilitate an agreement . . . we renounce our insistence on the inclusion of the *vilayets* of Mersina and Adana in the Arab Kingdom. But the two *vilayets* of Aleppo and Beirut and their sea coasts are purely Arab *vilayets*, and there is no difference between a Moslem and a Christian Arab : they are both descendants of one forefather. . . .

No. 6. *From Sir H. McMahon to the Sherif of Mecca.*

December 14, 1915.

I AM gratified to observe that you agree to the exclusion of the districts of Mersina and Adana from boundaries of the Arab territories. . . . With regard to the *vilayets* of Aleppo and Beirut, the Government of Great Britain have fully understood and taken careful note of your observations, but, as the interests of our ally, France, are involved in them both, the question will require careful consideration

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and a further communication on the subject will be addressed to you in due course.

No. 7. *From the Sherif of Mecca to Sir H. McMahon.*

January 1, 1916.

As regards the northern parts and their coasts, we have already stated in our previous letter what were the utmost possible modifications, and all this was only done so to fulfil those aspirations whose attainment is desired by the will of the Blessed and Supreme God. It is this same feeling and desire which impelled us to avoid what may possibly injure the alliance of Great Britain and France and the agreement made between them during the present wars and calamities; yet we find it our duty that the eminent minister should be sure that, at the first opportunity after this war is finished, we shall ask you (what we avert our eyes from to-day) for what we now leave to France in Beirut and its coasts. . . . It is impossible to allow any derogation that gives France, or any other Power, a span of land in those regions.

II. EXTRACT FROM THE REPORT (DATED MARCH 16, 1939) OF A COMMITTEE SET UP TO CONSIDER THE ABOVE CORRESPONDENCE. Cmd. 5974.

Both the Arab and the United Kingdom representatives have tried (as they hope with success) to understand the point of view of the other party, but they have been unable to reach agreement upon an interpretation of the Correspondence, and they feel obliged to report to the conference accordingly.

The United Kingdom representatives have, however, informed the Arab representatives that the Arab contentions, as explained to the committee, regarding the interpretation of the Correspondence, and especially their contentions relating to the meaning of the phrase "portions of Syria lying to the west of the districts of Damascus, Hama, Homs and Aleppo", have greater force than has appeared hitherto.

Furthermore, the United Kingdom representatives have informed the Arab representatives that they agree that Palestine was included in the area claimed by the Sherif of Mecca in his letter of the 14th July, 1915, and that unless Palestine was excluded from that area later in the Correspondence it must be regarded as having been included in the area in which Great Britain was to recognise and support the independence of the Arabs. They maintain that on a proper construction of the Correspondence Palestine was in fact excluded. But they agree that the language in which its exclusion was expressed was not so specific and unmistakable as it was thought to be at the time. . . . [The report here refers to certain other statements made to Arab leaders during and after the war.] In the opinion of the Committee it is, however, evident from these statements that His Majesty's Government were not free to dispose of Palestine without regard for the wishes and interests of the inhabitants of Palestine, and that these statements

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must all be taken into account in any attempt to estimate the responsibilities which—upon any interpretation of the Correspondence—His Majesty's Government have incurred towards those inhabitants as a result of the Correspondence.

III. THE HOGARTH MESSAGE.

The following are the terms of the message which Commander Hogarth was instructed to deliver to King Hussein when he visited Jeddah in January 1918 :—

“(1) The Entente Powers are determined that the Arab race shall be given full opportunity of once again forming a nation in the world. This can only be achieved by the Arabs themselves uniting, and Great Britain and her Allies will pursue a policy with this ultimate unity in view.

“(2) So far as Palestine is concerned we are determined that no people shall be subject to another, but

(a) in view of the fact that there are in Palestine shrines, Wakfs and Holy places, sacred in some cases to Moslems alone, to Jews alone, to Christians alone, and in others to two or all three, and inasmuch as these places are of interest to vast masses of people outside Palestine and Arabia, there must be a special régime to deal with these places approved of by the world.

(b) As regards the Mosque of Omar it shall be considered as a Moslem concern alone and shall not be subjected directly or indirectly to any non-Moslem authority.

“(3) Since the Jewish opinion of the world is in favour of a return of Jews to Palestine and inasmuch as this opinion must remain a constant factor, and further as His Majesty's Government view with favour the realisation of this aspiration, His Majesty's Government are determined that in so far as is compatible with the freedom of the existing population both economic and political, no obstacle should be put in the way of the realisation of this ideal.

“In this connexion the friendship of world Jewry to the Arab cause is equivalent to support in all States where Jews have a political influence. The leaders of the movement are determined to bring about the success of Zionism by friendship and co-operation with the Arabs, and such an offer is not one to be lightly thrown aside.”

IV. THE DECLARATION TO THE SEVEN ARAB LEADERS (JUNE 1918).

His Majesty's Government have considered the memorial of the seven with the greatest care. . . .

The areas mentioned in the memorandum fall into four categories :—

1. Areas in Arabia which were free and independent before the outbreak of war;

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2. Areas emancipated from Turkish control by the action of the Arabs themselves during the present war;
3. Areas formerly under Ottoman dominion, occupied by the Allied forces during the present war;
4. Areas still under Turkish control.

In regard to the first two categories, His Majesty's Government recognise the complete and sovereign independence of the Arabs inhabiting these areas and support them in their struggle for freedom.

In regard to the areas occupied by Allied forces . . . it is the wish and desire of His Majesty's Government that the future government of these regions should be based upon the principle of the consent of the governed and this policy has and will continue to have the support of His Majesty's Government.

In regard to the areas mentioned in the fourth category, it is the wish and desire of His Majesty's Government that the oppressed peoples of these areas should obtain their freedom and independence and towards the achievement of this object His Majesty's Government continue to labour. . . .

V. THE ANGLO-FRENCH DECLARATION OF NOVEMBER 7, 1918.

The object aimed at by France and Great Britain in prosecuting in the East the War let loose by the ambition of Germany is the complete and definite emancipation of the peoples so long oppressed by the Turks and the establishment of national governments and administrations deriving their authority from the initiative and free choice of the indigenous populations.

In order to carry out these intentions France and Great Britain are at one in encouraging and assisting the establishment of indigenous governments and administrations in Syria and Mesopotamia, now liberated by the Allies, and in the territories the liberation of which they are engaged in securing and recognising these as soon as they are actually established.

Far from wishing to impose on the populations of these regions any particular institutions, they are only concerned to ensure by their support and by adequate assistance the regular working of governments and administrations freely chosen by the populations themselves. To secure impartial and equal justice for all, to facilitate the economic development of the country by inspiring and encouraging local initiative, to favour the diffusion of education, to put an end to dissensions that have too long been taken advantage of by Turkish policy, such is the policy which the two Allied Governments uphold in the liberated territories.

“ UNION NOW ”

I. THE ONLY WAY

ON the eve of the March crisis, Mr. Clarence Streit, the well-known American journalist, published in England a remarkable book, a book which everyone should read and ponder, *Union Now*.^{*} Though he could not have foreseen the occasion, he offered, for the disease of which those events were but a symptom, a truly heroic remedy. For in *Union Now* he urges that the democracies of the West—fifteen by his count—should immediately merge their sovereignties into a single State. Thus and only thus, he claims, can war be eliminated, peace set upon a sure footing, and those conditions established under which the pressing economic problems of the world can be faced and solved.

Mr. Streit's case rests essentially upon the argument, not merely that such an international merger *would* eliminate the war menace, but also that nothing else can. The alternatives that he considers are the method of conference and conciliation, the method of universal collective security, the method of regional pacts, the method of alliances and the method of isolationism, or each for himself. Mr. Streit contends, with all his experience at Geneva and elsewhere to prove him right, that none of these will do. His showing-up of isolationism is addressed, of course, mainly to his own countrymen in the United States; for in crowded Europe or on its edge the doctrine of each-country-for-itself plainly offers no hope of refuge from the peril of war. Mr. Streit has only to point to the record of American laws, diplomacy, and armaments in the past half-dozen years to show the break-down of isolationism in practice,

^{*} Jonathan Cape. 10s. 6d.

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in the mightiest of all great Powers, the farthest removed from immediate threats of war. No nation, however strong—not even the whole British Commonwealth in concert—is able by itself to uphold its own rights for certain, and to live in such security that it can solve its economic problems and let its people consume the fruits of progress. Even if it suffers no aggression, it must be ever weighed down by armaments. It must remain prisoner of a world economic disorder which it can do little or nothing to remedy.

The method of non-resistance, with which Mr. Streit does not deal at length, may perhaps be held to be included in the method of conference. The direct attack on the use of force between nations, by way of a conference to limit the means of acting by force, has manifestly failed; “for both haves and have-nots preferred even the unlimited risks of war to the risk to their holdings or their dreams which they saw in disarmament”. What, then, of the indirect attack on the use of force, by way of a conference to consider how adjustments that could otherwise be made only by war may be made by peaceful means? As Mr. Streit more than once points out, even if this method were to succeed, to the point of giving the so-called have-not Powers all that they now demand, we should be not one step nearer to permanent peace.

Even if all Germany's colonies were restored, and the Polish Corridor, Alsace-Lorraine and everything else, why should that decrease instead of increase the war danger? When Germany had all that in 1914, and Britain was trying to soothe her with half of Portugal's colonies, Germany was demanding only more imperiously than now “a place in the sun”.

The subjection of Czechoslovakia and Albania rammed home this argument of Mr. Streit's. The ambition of the lawless States is plainly an appetite that grows by what it feeds on.

The method of all-round collective security, the method of the League Covenant, has had a devoted following in the

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English-speaking world, and Mr. Streit spends a great deal of effort in demolishing its claims. But the task is not half as difficult now as he might have found it a few years ago. For the actuality of aggression by great Powers has brought home to everyone two fundamental facts about collective security : first, that it implies a liability on each member-nation to go to war, not by its own free decision, but upon the occurring of events beyond its control and perhaps not otherwise likely to involve it in war; secondly, that it requires preparation for war with allies, war to be instantly joined according to prearranged plans such as alone will give assurance of unity in purpose and action. Because of the first fact, automatic and universal collective security clashes head-on with democratic free-will in a world of sovereign States. Because of the second, practical collective security clashes head-on with its own theoretical principles. For if there are to be plans for allied action in the event of a collective war, they must cover all the contingencies that might arise. The *reductio ad absurdum* of this is a schedule of permutations and combinations of possible aggressors among all the seventy-odd members and non-members of the League, with a corresponding schedule of alliances to be worked out in military terms.

But there is no need to carry the logic to this extreme. The regional (or otherwise limited) mutual-assistance pact reproduces the collective-security problem in miniature. The value of the Locarno pact of guarantee was immensely reduced, as the soldiers and sailors and airmen who would have had to carry it out always perceived, by the fact that its mutual character forbade them to make any plans for action. Only after Germany had violated the pact in 1936 could the staff conversations that were needed to make it a reality take place between Great Britain and France.

In brief, if collective security—universal or regional—is less than an alliance it is ineffective in deterring or defeating aggression; while if it becomes an alliance it ceases to be collective, in the sense of mutuality. It becomes merely a

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“defensive” camp arming and planning against an “offensive” camp.

Mr. Streit goes on to argue that in a grand alliance among the democratic Powers lies no hope of permanently banning war from the world. The alliance cannot be large enough and at the same time cohesive enough to present for ever an overwhelming threat of retribution to potential aggressors.

Though possible as a temporary stopgap an alliance, as a permanent organisation, has never been achieved and is practically impossible to achieve among as many as fifteen states. The fact that the states are democracies makes a permanent alliance among them not less but more impractical and inconceivable. For the more democratic a state is, then the more its government is dependent on public opinion and the more its people are loath to be entangled automatically in the wars of governments over which they have not even the control a league gives, and the more its foreign policy is subject to change. But the more all this is true of a state the harder it is either for it to enter an alliance or for its allies to trust it if it does.

Mr. Streit rightly lays stress on the inherent failing of democracy when combined with jealous national sovereignty. “The dictators are right”, he says, “when they blame the democracies for the world’s condition, but they are wrong when they blame it on democracy. The anarchy comes from the refusal of the democracies to renounce enough of their national sovereignty to let effective world law and order be set up.”

The result has been that democracy itself has been slowly going under. Italy and Germany are to be regarded, in Mr. Streit’s view, as early casualties. “They are not the source of the danger our whole species now faces, they are only its first victims.” National sovereignty has already destroyed political freedom in many of the smaller and weaker nations, with but shallow traditions of democracy to draw upon. It is now taking toll in the great and well-founded democracies. Amid international anarchy, the state must be paramount, internally and externally, and as the state is glorified so freedom perishes. The very effort to defend our freedom by arms, alliances and preparations for war must needs make that freedom less.

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Recognising this, many people in the democratic countries have turned in hope once more to the method of the League to limit national sovereignty and stave off war. Here Mr. Streit brings to the aid of his theme an immensely powerful battery in the shape of American experience after the war of independence. At first, the thirteen states formed a “ League of Friendship ” in which each retained its sovereignty. By 1787, when the constitutional convention met at Philadelphia, the League was in chaos because it had no adequate central government or authority. Commerce was stagnant for want of security and confidence. Disputes over trade and territory were on the verge of setting the several states at war among themselves. “ War with Spain threatened to break the League of Friendship into two camps. The League could not coerce its members. Threats of withdrawal from it were common.” It was amid this disarray that Alexander Hamilton, with Madison and Jay, preached in the *Federalist* the gospel of union among the thirteen states, and conquered his opponents by the unanswerable logic of his theme. The strength and vigour that federal union gave to the thirteen American democracies are for all to see.

Not without reason Mr. Streit likens the Geneva League to that abortive League of Friendship, and its present breakdown to the chaos that faced the Philadelphia convention, though he admits that its failure has not been so complete as that of its American prototype.

The League’s “ internationalism ” is often contrasted with pre-war nationalism as if it were at the other pole. It is really an extension of the same principle. The basic principle of the pre-war system was national sovereignty : its unit for making, enforcing, interpreting and revising agreement was the state, its equality was the equality of these units, its procedure required their unanimous consent and its highest aim was to keep each state sovereign. The drafters of the Covenant, far from rejecting this, sought to legalise and crystallise it all by converting it from the unwritten to the solemnly signed. They enthroned the pre-war principle in the League and contented themselves with patching the pre-war application of it.

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No doubt that was inevitable. Mr. Streit himself admits that the method of league had to be tried and found wanting before the method of union could be seen to be necessary. The league method can neither make and revise law between nations, nor interpret and enforce it. The league method cannot prevent war, because it cannot do justice when justice conflicts with sovereignty, and because it leaves war as the ultimate instrument of international policy. It cannot bring about disarmament because it depends on the national armaments of its subscribing members, and bids them fend for themselves until the aid of the league can be organised and brought to their succour. It cannot solve world economic problems, any more than it can solve world political problems, because it leaves national sovereignty intact. This is Mr. Streit's diagnosis, and his cure is the cure that Hamilton urged upon the people of the disunited states—federal union.

There is indeed no other cure. If Mr. Streit has done nothing else, he has directed men's minds to the fundamental need in world politics at a time when they are all too likely to be distracted by the immediate and superficial needs. Civilisation, as he points out, has worked miracles in enslaving nature, but has done little or nothing towards freeing itself from the slavery of its own disorders. In the political sphere it is shackled by national sovereignty; and the only way of breaking national sovereignty is to build a unit wider than the nation, a unit which will eventually embrace the whole world. In *The Commonwealth of God* Mr. Lionel Curtis showed how history and religion pointed down that same path. It is one of the great merits of Mr. Streit's book that he translates the general theme into a concrete plan, which he presents, not for the indefinite hereafter, but for our own generation, *now*. His courage will expose him to many critics, who will seize upon faulty details of his draft constitution as proof that the whole idea is impracticable. But the constitutional details are entirely unimportant at this stage: it will be time enough to tackle

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them if and when a constitutional convention for Union is summoned. What precise form Union might take it is impossible to foresee. Its construction will need the combined political wisdom and experience of the civilised world—not only the experience of the United States, on which Mr. Streit draws too exclusively for his model, but also that of the British Commonwealth, the Swiss cantonal system and other forms of political architecture. Maybe an altogether new type of governmental apparatus will have to be invented. The essential need at the moment is that world opinion should be brought to see that without some form of Union our civilisation is doomed to frustration on the political plane; and to see, moreover, that Union is a practical idea, as practical an idea as television was a generation ago.

Mr. Streit's concrete proposal, with all its defects, throws the whole concept from the dream-clouds into the arena of practical argument. If people get to the point of contending that Union will not work like *this*, they are not far from believing that it will work like *that*. It is in this spirit that THE ROUND TABLE adds some comments upon Mr. Streit's proposal.

II. THE MEMBERSHIP OF UNION

THE plan is that the countries entering the Union should hand over to federal authority without reserve certain of their sovereign powers, including in the economic field the regulation of tariffs, currency and immigration, and in the political field the raising of armed forces, the conduct of diplomacy and the making of treaties, and the decision upon peace and war. In his proposed Union Mr. Streit includes the United States and the six fully self-governing nations of the British Commonwealth, four Scandinavian countries, France, the Low Countries and Switzerland. Why these? Though they are scattered over the globe, they are geographically united by the fact that all of them

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(with the exception of Switzerland, which there are obvious reasons for including) are maritime Powers which have sought their destiny on the high seas; with three exceptions they all have coasts upon the great open oceans, including therewith the North Sea. Not only have they the means of coming to each other's assistance; they look upon world affairs with the same eyes. "A government that bases itself on a continent or sea limits its possibilities of expansion, but a government that is based on the ocean is headed straight toward universality." It is plainly necessary, too, that all the members of a democratic union should themselves be democracies. The test of democracy, however, is not the universal franchise or any particular set of elective institutions, but the question whether there exists freedom of utterance, equality of all before the law, and some means of letting the popular will, freely expressed, control the national policy.

This question of the initial membership is of very great importance, not only because it would determine the character of the Union from thenceforth, but also because vested interests would instantly arise, both within and beyond its borders, against the inclusion of new members. Moreover, the excluded countries might move into other camps. Discussing the various alternative lists of initial membership—for instance the English-speaking nations only—Mr. Streit uses these words :

Among the grave defects of a single language are these : it gives the nucleus an offensive air of exclusivity. It tends to falsify and limit the basic democratic principles of equality and freedom, to alarm the old and powerful democracies it excludes, and to encourage hostile combinations.

This is very true, but surely none the less true of a single colour or race than of a single language (though admittedly none of the non-white nations is yet very old or very powerful as a democracy). Although British India is not yet a sovereign nation, nor has she democratic control over foreign policy, defence and certain other matters, yet

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she ought to be considered as a possible founder-member of Union, in which, indeed, no member would control its own separate foreign policy or defence. Alternatively, India, with any other British country approaching self-government, might retain the same relations with the Union as she now possesses with the British Empire. If it started with any taint of racial or colour exclusiveness, the Union—as the greatest imperialism ever known—might be bitterly suspect among the rising peoples of Africa and Asia.

In facing the problem of India, Mr. Streit is frankly baffled by the difficulty of including a nation of 400 million people on the basis of equal votes for all citizens in the federal elections. But the problem would be solved in practice by the backwardness of the Indian masses, since a simple test of literacy (such as any civilised union might be expected to impose) would exclude the great majority of the 400 millions. Nor is there any reason to suppose that if India formed part of a federal union her votes would all go one way.

There is another problem, of equal importance, in connection with the membership of the Union. Its nature excludes from it all the totalitarian States, so long as they remain totalitarian. Put forward at this moment, the proposal is liable to be taken as a mere plan to frustrate any attempt by the dictators to pursue their ambitions in Europe and elsewhere. One of Mr. Streit's most forcibly pressed arguments, indeed, is that Union would replace a precarious balance of power by a durable “unbalance of power”, in which the democracies would have an assured preponderance over the countries of the Triangle. But he also makes plain that it is not the permanent nature of Union to be ranked against anybody. Its membership, as Mr. Streit urges, should be open to all countries fitted for it by their character and constitution. The prosperity, freedom, safety and happiness of its citizens might well prove an inspiration to the citizens of totalitarian States to throw off the chains of dictatorship and militarism.

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In the meantime, however, the project of Union has to be judged in face of a situation of the utmost danger, in which the majority of its potential members are abused, envied and threatened by certain of the countries that would be excluded. The retort at present devised to those threats is something very different from democratic Union. Not only is it a much less close combination of States, by way of alliance or defensive guarantee; it is furthermore a combination of democracies with non-democratic States. The greatest of these anti-aggressive dictatorships is of course Soviet Russia, but there are others too: Poland, Greece, Rumania, Turkey, to name only those which Britain has recently undertaken to defend. It is an open question whether a democratic Union in which the preponderant weight was non-European would wish to pledge itself to defend dictatorships in Europe. Looked upon in the light of to-day's strategic needs, the project of Union is an offer, coming from the only quarter from which such an offer could reasonably come, to replace a certain non-ideological camp by an ideological merger—in a word, to make up for a possible weakening of the present "peace front" by casting America into the balance. The time-table of urgencies, from which we cannot escape, compels us to look at the project in this way, and it passes muster. Nevertheless, the real problem in international affairs, which Union is designed to solve, is not how to defeat aggression, but how to prevent anarchy.

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LIKEWISE, on the economic plane, the aim of Union is not simply to reduce unemployment or increase profits or raise wages, but to end that international anarchy under which economic problems that are inherently world-wide can be tackled by no one, since no one has the power to decide upon and carry out the necessary solutions. Too often, national attempts to solve them mean beggar-my-

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neighbour, and make the basic problem worse. Union by itself would not cure unemployment, which could as readily continue under a régime of free trade between the Union's members as it can under a régime of national protection. Neither the size nor the internal security of the huge area of free trade and mobile capital and labour in the United States has saved that country from worse unemployment than much smaller economies. What Union could do—what Union alone could do—is to remove or greatly to reduce certain obstacles to a deep-going attempt to tackle unemployment and kindred problems—obstacles like the uncontrollable ebb and flow of “hot money” from capital to capital, the weakness of business confidence in face of the threat of war, or the existence of artificial barriers to the international movement of labour and long-term capital.

Mr. Streit indeed does his theme no service by claiming too much for it, as occasionally he tends to do in the economic sphere. Union can come about only as a result of frankly facing difficulties, the greatest of which are the “vested interests” of the present scheme of things that would suffer by the breaking down of centuries-old ring-fences built round national economic and political systems. Vested interests are not always bloated and evil, and their unregulated overthrow may cause more trouble and distress than their perpetuation. For example, the old-established industrial areas of Great Britain, founded on shipping and export industries, had a vested interest in liberal world trade and particularly in British free trade: the overthrow of that traditional system produced the distressed areas. Similarly, distressed areas in other zones might be produced by the overthrow of the existing system of national tariffs among the prospective members of the Union, unless that action were accompanied by a constructive plan for softening the blow and transferring labour and capital from the old industries to new ones. It is not too soon to be mapping out the broad nature of such

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a plan, which might well include a gradual transition to free trade over a long period of years; for, if no antidote to dislocation is worked out and adopted, Union may fail for reasons much smaller in themselves than those which make it the only ultimate issue from our present afflictions.

The lesson of twenty years since the world war is that a complex of unmitigated national sovereignties is inherently unstable. That was always so, indeed, but modern science has made the consequences far more terrible than ever, and modern means of communication have meant that a disturbance anywhere, instead of sending but a faint tremor beyond its immediate quarter, may shatter the whole fabric. *This inherent instability of the system of sovereign States is not unlike the inherent instability that Karl Marx attributed to the capitalist system.* What he failed to foresee was that national sentiment would quite outweigh class interest in the motivation of the mass mind. 'The bulk of the German wage-earners, looking out upon the world at large, think as Germans, national citizens, not as "workers of the world"; and the same is true of British, American, French, perhaps even Russian workers. Having diagnosed the collapse of capitalism as inevitable, Marx prescribed the world revolution as necessary. If we now diagnose the inevitable collapse of the system of unmitigated national sovereignties, through its inherent tendency to war and self-destruction, what of the method whereby that end may be brought about? It will surely come in one or other of two ways: totalitarian empire, or democratic union. The first corresponds to the Marxian world revolution—the surgery of violence, followed by the dictatorship of a section. The second corresponds to the democratic socialisation which since Marx's day has indefinitely postponed the revolution in the west by combining greater wealth all round with a fairer distribution of community income.

What we have been seeing in Europe and Asia since 1931 has been the method of empire warring against national

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sovereignty. By its energy it has forestalled the rival method of union. To many minds the imperialist method is an attractive one, and the peoples may be driven to accept it unless they have the courage to demand the alternative. But imperialism in its turn is inherently unstable; for it cannot retain for ever the strength and will-power to repress minorities; they will eventually reassert their national sovereignties, either by revolt and war (as in the breakdown of the Austro-Hungarian Empire), or else by peaceful devolution (as in the life-story of the British Commonwealth), thus restoring the ancient anarchy. Hence an irresistible logic points to democratic union, not as a mere figment of theory, but as in the end the only practical way out. The vital issue at the moment is not whether Union should have this or that constitutional shape, or this or that economic policy, but a far more general question: how long will the peoples of the western world endure the present order of things? How much more war and suffering are to be gone through before the dream becomes a fact? Union is not practical now, if by “now” we imply the immediate calling of a constitutional convention and the entering into force of its product within a few years; but it is practical now, if by “now” we mean that men and women all over the world can to-day begin training their thoughts to the belief that in some form Union must come, and to the pursuit of the best and surest means of bringing it to birth.

GERMANY'S EASTERN NEIGHBOURS

I. GREAT POWERS AND SMALL

THE present enduring international crisis appears to different nations in different lights. For Great Britain (and for the United States), it is caused by the need to resist an attempt to dominate the world by force: for Germany, the root lies in a greedy encirclement designed to restrict that country's *Lebensraum*. For a large section of British opinion, it involves an ideological struggle—a stand for freedom against “fascism”. For the inspired totalitarian organs of opinion it implies a democratic conspiracy against the “Dynamic Powers”, or “Young Nations”. But, for the countries involved as potential victims or allies in a possible struggle between the great Powers, the issue presents itself realistically. Wherever their sympathies may lie, their political problem is how to safeguard their bare existence as sovereign national States. Those most intimately involved are Poland, Rumania, Yugoslavia, Hungary and incidentally Slovakia; that is to say, Germany's immediate neighbours and the immediate neighbour of Germany's third ally, Hungary. The attitude of Bulgaria and the other countries of the Balkan Entente has not yet had to be defined to the same extent as that of the countries commonly accepted as “threatened”.

All these countries, between the crisis of September 1938 and the recent change in British foreign policy, tried to do little more than avoid complications. They seemed to hope that by adopting a neutral attitude and making no public declarations susceptible of being interpreted by the “Dynamic Powers” as irritating, provocative, or displaying

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too much affection for the western Powers, they might escape the wrath to come and not fall victims to the expansionist aims of the Axis. Some clearly hoped even to profit economically by those aims.

II. POLAND

THE crisis of September 1938 found Poland still pursuing a policy of understanding with Germany, while keeping good relations with Soviet Russia. On the constructive side, her policy appeared to aim at the establishment of a sort of *cordon sanitaire* of neutral States reaching from the Baltic to the Black Sea—consisting therefore of Poland, Hungary and Rumania, with the possible adhesion of the Baltic States. At the peak of the crisis, her one aim seemed to be to profit by the difficulties of Czechoslovakia: pursuing this aim, she took possession of the Teschen and Karwin mining districts in Moravian Silesia, as well as the important railway centre of Bohumin or Oderberg. Nobody could say that she had much ethnical claim to the districts, which contain, apart from Czechs and Poles, some German minorities.

The crisis once over, however, Poland found herself faced with a new problem threatening her political integrity. Slovakia, and with it Sub-Carpathian Russia, had come under German domination. Sub-Carpathian Russia had for years been considered the breeding-place of Ukrainian propaganda, and the focal point of intrigue on behalf of a future Ukrainian State which would include south-eastern Poland as well as the Russian Ukraine. There were plenty of symptoms to show that the idea of creating such a State had German approval, to say the least; and it was freely alleged that this might be the next step in German expansion eastwards. German money and German agents were reported to be at work in Sub-Carpathian Russia; the Hetman Skoropadsky, whom the Germans had instated as ruler of Ukraine after the treaty of Brest-Litovsk, was still

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living in Berlin; the Vienna radio transmitter, together with those acquired by the Germans in the ceded areas of Czechoslovakia, took to broadcasting propaganda in support of Ukrainian autonomy: The almost immediate result of this was that the Ukrainian party tabled an Autonomy Bill in the Sejm, the Polish Parliament. It is small wonder that Poland began to raise her voice in support of Hungary's claims to Sub-Carpathian Russia, which she had lost by the treaty of Trianon in 1919. Both in Hungary and in Poland, an almost mystical value was attached to the achievement of the common frontier between "brother peoples".

More important than this, however, as an effect of Germany's stronger position and her obvious desire for expansion, was the renewal of Poland's non-aggression pact of 1932 with Soviet Russia, and the attainment of a new, if rather informal, "friendly agreement" of the two countries to live together as good neighbours. On Soviet Russia's side, this was probably inspired as much by her own dislike of the idea of a German-sponsored Ukraine as by Polish fears. On Poland's side, it was a revolutionary turn of policy, considering that, shortly before the September crisis, there had been well-authenticated rumours, mostly from German sources, of her possible adhesion to the Anti-Comintern Pact.

That was in November 1938. In March 1939 the Ukrainian bugbear was suddenly scotched by Germany's own policy. With Germany's consent, Hungary took possession of Sub-Carpathian Russia, and, amid much official rejoicing, established the common frontier between the "brother-nations" of Magyar and Pole. The world, which saw little humorous in the happenings of those days, could at any rate chuckle at the picture of German-subsidised Ukrainian "nationalist guards" being engaged in battle by the allies of Germany.

Meanwhile, a campaign of growing intensity had been developed in the German press denouncing the Polish

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treatment of Germans in Poland and alleging incidents of Polish oppression. This campaign became louder still after the German occupation of Memel. The situation appeared really dangerous when reports appeared of German troop movements on the Polish frontier. The Polish Government took the precaution of mobilising a number of men, and of moving troops to their positions in the west. At the same time, it left the Polish public in not the slightest doubt that their country was threatened, and there began a nation-wide movement towards unity and co-operation in the cause of national defence. Party differences were sunk to an extent extraordinary in Poland's post-war history. M. Witos, the Peasant party leader, returned from exile and suffered only a nominal term of imprisonment. Ukrainians and even Germans were reported as having subscribed to the national defence loan. At the height of the crisis came the British guarantee to Poland, and immediately afterwards, in spite of German threats, Colonel Beck paid his historic visit to London and concluded the Anglo-Polish agreement.*

The result, of course, was fresh outbursts in the German press, both against Poland and against the "encirclement" policy that Germany regarded as implied in the agreement. Then came Herr Hitler's denunciation of the German-Polish agreement of 1934. The effect of both the Anglo-Polish agreement and the German attitude towards Poland was amply conveyed by Colonel Beck's famous speech to the Sejm on May 5. One thing is particularly worth noting in that speech—the absence of any reference to the Soviet Government or to the possibility of extending the system of guarantees against aggression to include the U.S.S.R. It was natural, indeed, that Poland should hesitate to go into the matter on the day after M. Litvinoff had been dismissed. M. Litvinoff was the Foreign Commissar under whom the non-aggression agreement of 1932 had been negotiated,

* For the terms of the guarantee and the subsequent mutual agreement, see below, pp. 604-5.

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and friendly relations renewed in November 1938. The mistrust of Soviet Russia and of communism that prevails in Poland is deep-rooted and tenacious. For Poland there are very grave implications in the suggestion of an agreement envisaging military help to her from Soviet Russia. In addition, there has always been at the back of Polish minds the fear, dating back to the treaty of Rapallo and the contacts maintained by the German and Russian general staffs, of possible German-Russian co-operation against Poland. Superficially, the slowness of the progress towards Poland's acceptance of Soviet help may look like Polish suicide; but to observers on the spot even the speed attained has been a matter for surprise, so great are the historic and psychological obstacles to be overcome.

On the whole, of all the European countries affected by the recent British change of policy, Poland is the one that has most radically transformed her own policy in the past few months, and that has been most responsive to the British guarantee. She has openly taken up a position of resistance to German threats and of association with Great Britain and France. There are two main reasons for this. One is that Poland feels that she is probably the next on the list and the most immediate victim of Herr Hitler's wrath. The Danzig and Corridor questions, which Germany had allowed to slumber quietly since 1934, have come very vigorously to life, and at the moment form the acutest problem in European politics. But the chief ground for Poland's new attitude is that she feels herself strong enough to adopt it. Her size, her pride in her army, and her belief in her own powers of united resistance, make her the one country left in eastern Europe that is strategically and politically capable of standing out against Germany.

III. RUMANIA

UP to the crisis of September 1938, Rumania, as a member of the Little Entente, was definitely associated with the western Powers through the French system of

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alliances. That crisis dissolved the Little Entente, and Rumania found herself in a position where only a "neutral" attitude promised any security.

Internally, she was none too stable. She had not yet completed the first year of a new régime consisting of a royal dictatorship aided by martial law, and implying a thorough reconstruction of her administrative machinery (which not even her friends would have claimed was anything better than rotten), and the suppression or conversion of the old political parties. The most important of these parties were the Iron Guard, a fascist revolutionary body led by the exalted fanatic Codreanu, and the National Peasants, who possessed substantial support in the country, although, thanks to the peculiarities of the Rumanian elections, they had of recent years held but a small number of seats in parliament. In the effort to create a substitute for these parties that might attract the loyalties of the people, the Government propagated a Front of the National Renaissance. Membership of this party was obligatory, or virtually so, yet it has not made much progress. It is something of a joke in responsible circles; and it contains a certain proportion of irreconcilable Iron Guards whom everyone supposes to be biding their time, though they are "under observation" by the Front itself.

Whatever the stability of this régime, it was, to begin with, ideologically of a kind to attract the approval of Germany. German and Italian propaganda, moreover, was active in the country, and the Axis countries were clearly spending considerable sums of money there. The public declarations of King Carol's Ministers were as non-committal as might be. A large proportion of the officers of the army, who are a permanently under-paid and discontented class, loaded with the extra financial burden of more uniforms than seem necessary to members of the defence forces of western countries, were reported to be strongly sympathetic towards Germany, and some of them to have contact with the fascist Iron Guard.

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The Iron Guard leader, Codreanu, was despatched a few days after King Carol had returned from a visit to London and, on the return journey, to Berlin. As regards internal politics, this show of force is reported on the one hand to have broken the revolutionary ardour of the Iron Guard ; on the other hand, to have driven what was left of it into permanent underground opposition. As regards the foreign political results, the deed led to a violent German press campaign directed against the person of King Carol.

There was, however, up to March 1939, no apparent direct threat to the political integrity of the country. Rumania, apart from trying to avoid trouble in public pronouncements, pursued a policy in harmony with that apparently aimed at by Poland, that is to say, the establishment of a *cordon sanitaire* of neutral States. This, however, is not as easy as it sounds. Rumania possesses, in Transylvania, territory that is the object of Hungarian revisionist claims ; in the Dobrudja, areas claimed by Bulgaria ; and in her north-eastern province of Bessarabia, between the rivers Prut and Dniester, an area which, though the subject of an implied agreement between Rumania and Soviet Russia, might come into the market again at any moment as Russian *terra irredenta*—or so Rumanian opinion generally believes. There are at present no signs of its doing so. But the province is largely Russian, and the question looms in the background as one of the great obstacles to Rumanian approval of an anti-aggression system that would bring in Soviet Russia as a guarantor Power, and therefore presumably authorise her to send military forces into Rumanian territory.

Rumania built hopes on the possibility of inducing Bulgaria to become a member of the Balkan Entente. In this connection, the encouraging communiqué issued after the March meeting of the Balkan Entente in Bucarest had some importance. It has, however, been cancelled out by a statement of Bulgaria's revisionist claims, made in the Bulgarian Parliament on April 20 by M. Kiosseivanoff.

RUMANIA

He is reported as having laid claim to the Dobrudja and an outlet to the Ægean, but no more. This means that all the weight of Bulgaria's claim falls on Rumania and Greece: Yugoslavia, who possesses Bulgarian *terra irredenta* in Macedonia, is acquitted. This question obviously creates great difficulties in connection with the British guarantee of Rumania, though the later British agreement with Turkey encourages the hope, not only that the question will not provoke a crisis, but even that it may be permanently solved.

The threat to Rumania that called forth the British guarantee took the form of Hungarian troop movements, accompanied by the usual crop of alarmist rumours, which are used so ably by German propaganda in the pursuit of Germany's aims. Rumania mobilised, and in that position of tension she concluded the notorious trade treaty with Germany. This treaty was hailed in the British press as having made of Rumania an Axis Power. In point of fact, it did not go so far, and the extension of the British guarantee to Rumania established fairly clearly that Rumania could not be considered as directly associated with the Axis, though she is still hopeful of being able to make the best of both worlds. The Anglo-Rumanian trade agreement of May 11, too, has a political significance, in addition to the economic aid that it brings to the country. The guaranteed purchase of Rumanian wheat, in particular, goes some way to offset the political effect of the German agreement.

Rumania's position is rather difficult to define. The British guarantee is designed to preserve her from aggression. Aggression could come on the score of Transylvania, which the Hungarians want, or of the Dobrudja, which Bulgaria demands. Another form of aggression might indeed be German, aimed at the possession of Rumania's oil supplies. Such aggression would surely take place only if Germany were already carrying on a war elsewhere and needed more supplies than Rumania was willing to sell to

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her under diplomatic pressure from the German side and counter-pressure from the western Powers.

In peace time, Rumania is, indeed, diplomatically reinforced by the guarantee. In the event of war, however, the effective military implementing of the guarantee by a British expeditionary force is not easy to conceive—especially since the conclusion of a military accord between Germany and Italy. The Rumanian army being in its present state, mere military pressure on the western front would not be enough to prevent an almost immediate military defeat of Rumania by Germany. To a great extent, the military position of Rumania as a guaranteed Power would depend on the adherence of Soviet Russia to the system of guarantee. In spite of the problem of Bessarabia, and in spite of the poor means of transport, there is little doubt that Russian military help would be accepted in a crisis in which Rumania found herself threatened by Germany.

In the event of a war not involving Rumania immediately, such as a war over Poland, there would be considerable advantage to Germany in regarding Rumania as neutral—provided that Germany was satisfied with such supplies of oil and other material as Rumania was willing, or under diplomatic pressure was forced, to send to feed the German war machine. If Germany considered herself not adequately supplied, she would presumably undertake the occupation of Rumania. This could be affected all the more easily by involving Hungary, who has large and dissatisfied minorities in Rumania; by utilising such Germanophile elements among the Rumanians themselves as the Iron Guard; and by stirring up the important German minorities in Rumania, who have been there for centuries, but who have nevertheless been organised by the Nazi régime to do the bidding of their Fatherland.

HUNGARY

IV. HUNGARY

HUNGARY, though a State of Germanophobic leanings both by her traditions and by temperament, is now closely associated with Germany. She is a signatory of the Anti-Comintern Pact, and, under German and Italian pressure, has recently performed the gesture of leaving the League of Nations. She is a revisionist Power, who has had everything to gain by securing the support of Germany. She has thereby obtained the return of the principal Magyar-inhabited districts of the former northern Hungary, and she has also recovered the whole of Ruthenia, or Sub-Carpathian Russia. Her other revisionist claims extend to the Burgenland, which is now part of the Greater German Reich, and therefore may be excluded as well and truly lost; Transylvania, which has been discussed above; and the fringe of Yugoslavia. On paper she also has a claim to more of Slovakia; the districts that she might claim, however, though riddled with Hungarian sentimental traditions, contain important German minorities, and Hungarian statesmen at heart are none too keen on laying claim to them.

Internally, Hungary is beset by parties of the extreme Right with creeds resembling that of the Nazi party in Germany; she has important German minorities in her own territory, to which she has recently had to make concessions; she has been presented with a number of very ticklish problems in northern Hungary, where the transfer from Czechoslovakian to Hungarian sovereignty has caused a certain amount of economic distress; she is in the throes of legislation leading towards an agrarian reform; and she has just passed anti-Semitic laws which do not really receive the approval of the nation.

Hungary is valuable to Germany as a producer of agrarian products. She is, indeed, largely bound to Germany in this respect; and she has been under pressure to conclude with the Reich an agreement based on

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long-term contracts for her grain and cattle exports. Her latest pronouncement on her biggest revisionist claim, that of Transylvania, is full of sweet reasonableness : though not exactly renouncing her claim, she has proclaimed her willingness to come to terms with Rumania on the basis of minority guarantees. This statement was made by Count Csáky on his return, with the Prime Minister, Count Teleki, from consultations in Rome and Berlin : it is difficult not to assume that the conciliatory attitude was the outcome of those consultations. It is true that it corresponds temporarily with the wishes of those in command in Hungary, who have quite enough to do in assimilating their recent acquisitions without embarking just yet on fresh demands. Hungary, however, is militarily weak, and incapable of acting independently of Germany or Italy ; it is undoubtedly to Germany's advantage that Hungary for the moment should make no claim on Rumania. In her relations with Yugoslavia, Hungary's attitude has been largely determined by Italian initiative.

V. YUGOSLAVIA

PERHAPS the main principle of Yugoslavia's policy can be summed up in the phrase, "the Balkans for the Balkan peoples". The first step towards the realisation of that idea was the formation of the Balkan Entente : the next, the solution of the Macedonian question, which had caused so much blood to flow, by means of the pact of 1937 with Bulgaria. Since that pact, either by direct negotiation or through the mediation of Turkey, efforts have been repeatedly made to include Bulgaria in the Balkan Entente. Although Bulgaria is prevented from adhering by her revisionist claims, by the pact of Salonika she was liberated from the disarmament clauses of the treaty of Neuilly, and in return agreed that she and the Balkan Entente countries would "assume the obligation to abstain in their mutual relations from any recourse to

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force". After the crisis of September 1938, and the collapse of the French system of alliances, this "Balkans for the Balkan peoples" policy had the virtue of implying for Yugoslavia an assured neutrality, and not necessitating any *prise de position* for or against the totalitarian States, or, for that matter, for or against the western democracies.

The second principle of Yugoslavia's policy is embodied in the friendship pact of 1937 with Italy. This was a revolutionary document when it was signed; for the population of Yugoslavia heartily detested everything Italian, and the bad feeling created by Italian claims to Dalmatia after the war had never evaporated. The pact assumed even greater importance after the *Anschluss* and the arrival of Germany on the frontier of Slovenia. In the light of the reported German drive to the Adriatic, the preservation of good Yugoslav-Italian relations was assumed to have some virtue in helping to play off Italy against Germany, to the advantage of Yugoslavia. The improvement of relations with Italy went so far that on Italian initiative Hungary was induced virtually to abandon revisionist claims on Yugoslavia—and this in spite of the fact that for years Italy had been the sponsor of Hungarian revisionist claims in general. It seems, indeed, that Italy has not pursued a policy completely subservient to Germany in this part of the world; during the recent visit of M. Markovitch to Venice, it was reported that Italy was urging the idea of a Yugoslav-Hungarian pact of friendship.

A motive that undoubtedly plays an important part in determining Yugoslavia's policy, though there is little information about it, is her purely military position. Although the human material at her disposal—Serbs, Croats, Bosnians, Montenegrins and Macedonians—is acknowledged to be of first-class quality, the equipment of the army is reported to be not up to the standard required by modern conditions, either in quantity or in quality.

Nor may we ignore the influence on Yugoslavia's international relations of the German economic penetration,

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quite apart from its military significance. Germany now accounts for fifty per cent. of Yugoslavia's imports and exports. The French and British predominance in capital investment in the country is already seriously threatened, if not surpassed, by the stake of Greater Germany, who appears eager to negotiate more and more credits. These credits, moreover, are directed to the financing of important enterprises of significance in war time, such as iron works and explosive factories, and to the purchase of military material from Germany or from the newly acquired Skoda works. It is inevitable that Yugoslavia should thereby become, if not more attracted to, at least more dependent on Greater Germany.

There is little doubt that this orientation does not correspond to the wishes of a great part of the population. On the one hand, there is a deep-rooted dislike and distrust of Italy : on the other hand, there is in the country a strong sympathy for France, dating principally from the world war, and a popular belief in the virtues of democracy, inspired by this association with France. In the same way, there is a traditional hostility towards Germany. The politically conscious sections of the population express a general determination to defend their war-won independence against all comers.

This feeling, in spite of German propaganda seeking to intensify divisions between Serbs and Croats, may be strong enough to settle this long-standing squabble. Conversations have been going on for some time now between the Prime Minister, M. Tsvetkovitch, and the leader of the Croats, M. Machek. The effort has undoubtedly received a fillip from the Italian occupation of Albania, which represents a potential threat to Yugoslav security. There seems to be real goodwill on both sides.

The effect of these various influences on Yugoslavia's foreign policy is illustrated by the fact that during the spring crisis, when Rumania mobilised, Yugoslavia did nothing; even at the time of the Italian occupation of

SLOVAKIA

Albania, Yugoslavia only took some belated local measures of precaution. Her political association with the Axis Powers is principally with Italy, and her economic association principally with Germany; she is dependent on the two partners to a certain extent both for her political security and for her economic prosperity. So far, her Government has refrained from taking the undoubtedly unpopular step of making any open declaration of adherence to the Axis.

VI. SLOVAKIA

THE rump State of Slovakia is a pure vassal of Germany. The mass of Slovaks are being governed by an energetic minority with little contact with the feeling of the people. German influence in the Government is predominant; the only dissident member, M. Sidor, who had pro-Polish leanings, was soon forced from office. The economic effects of Slovakia's new situation are incalculable. She may represent unexploited mineral resources lying ready for German enterprise; but she received heavy subsidies from the Czechs, and in order to maintain her standard of living will presumably require subsidies from Germany. She has, however, played an important rôle in enabling Germany to rectify a military frontier, with the result that Germany now possesses a naturally defensible line from the south of the Burgenland, north-north-east across the Neusiedlersee, along the Little Carpathians and the White Carpathians to the Polish frontier. Strategically, therefore, Slovakia is no-man's-land.

An exposition such as this does not demand conclusions. These are the European countries at present most intimately concerned in the interplay of great-Power politics; and these are the elements in their situations that will go to determine their own reactions to diplomacy or war.

THE FUTURE OF THE INDIAN STATES

(By a Special Correspondent in India.)

I. GREAT KINGS AND PETTY CHIEFTAINS

THE Indian states to-day face a crisis in their history. Upon its outcome probably depends, not only the introduction and the success or failure of federation under the Government of India Act of 1935, but also the future form and fortunes of the many states that lack the means, even if they possess the will, to keep pace with the rapid evolution of a new India. State administrations are being exposed to ruthless examination by politicians and the press. If those responsible are unable or unwilling to render an account of their stewardship, it is rendered for them, generally with a blunt admonition that their only salvation lies in immediate constitutional and administrative reforms.

The pressure does not come from one direction only. The Congress leaders, speaking for the largest and most efficiently organised political party, demand the "democratisation" of all aspects of state administration and the introduction of responsible government. In the states themselves, particularly in the more advanced states, there is a growing desire by the peoples for an effective voice in the administration. They may seek, for the most part, a "responsive" rather than a "responsible" government, but the basic requirements are invariably justice and fair taxation, speedy redress of legitimate grievances, and a voice for the people in their own governance and destiny, to be heard through suitable representative institutions. Maladministration or oppression cannot always be blamed; for

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states like Mysore, Baroda, Travancore, Cochin and Hyderabad have modern and efficient administrative systems which lose nothing by comparison with those of British India. Rather can the reasons be found in the growing spirit of Indian nationalism, the democratic ideas that have come to stay, the earnest feeling that unity is essential and that in a successful federation there cannot be two Indias in water-tight compartments.

Unhappily for those who are trying to bridge the constitutional and administrative rifts between British India and the Indian states, there is every difference between the relatively few enlightened states, which should have no real reason to fear either federation or any reasonable criticism, and the many backward states, which the kind-hearted may perhaps describe as picturesque anachronisms. India's history provides a key to this complexity. Until the coming of the British, centralised government was weak or unknown even under the most powerful rulers of India. Each empire comprised innumerable kingdoms, states and baronies, fluid in allegiances and alliances, but nominally accepting suzerainty and paying such tribute as could be exacted. In the interval between the dissolution of one empire and the emergence of another, there were struggles for power and consequent adjustments and re-alignments, until the new régime enforced some semblance of stability. It was during such a chaotic interval that the British assumed the central authority, and, without permitting normal adjustments, imposed permanence upon unnatural divisions of large areas. To make confusion worse confounded, the newcomers then proceeded to make territorial and dynastic changes, generally for reasons of expediency and not on historical or geographical grounds. Partly by accident and partly by political design, the consolidation of British power gave to India a small number of major states, generally progressive and well administered, and an unwieldy number of small states, the majority of which are unable to shoulder the burden of efficient

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administration and stagnate helplessly in semi-mediæval conditions.

In British India, the units have developed with a certain constitutional and administrative uniformity, which provided a suitable basis for federal plans. There has been no parallel development in the Indian states. The major states have travelled far along parallel, though not identical, roads of political advance. Lesser states possessing the necessary resources are commencing to move in the same direction, and have either announced liberalised constitutions or instituted enquiries from which such constitutions may be expected to emerge. There remains, however, a large residue of states, too poor or too inconsiderable to support proper administration, much less a recognisable constitution. It is indeed an outstanding anomaly of the accident of origin and unequal growth, an anomaly to which the major states not unreasonably object, that they, with their ample revenues and progressive administrations, should be classed with hundreds of petty states, which are treated as independent units, many of them having no more than a square mile of territory, one thousand inhabitants and an annual revenue of, say, one thousand rupees or £75.*

Of the 81 states in Gujarat, 70 have annual revenues of less than one lakh (£7,500), and a large proportion have less than one-tenth of the amount. Of the 33 states in the Bundelkhand agency, twelve have more than one lakh per annum but only one can claim an annual revenue of over ten lakhs. Of the 282 states in the Western India agency, there are over 200 with annual revenues of less than one lakh and some have negligible incomes. Of other areas, the statistics tell a similar tale of petty chieftains existing on a pittance, trying to keep up some semblance of traditional and rather tawdry splendour for themselves, but spending little or nothing on their subjects. The plight of somewhat larger

* The official reference book, *Memoranda on the Indian States*, gives essential details of all states with brief descriptions of the more important.

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states, however, does merit a degree of sympathy. In this class there are states with populations ranging from fifty thousand to one hundred thousand and a revenue of perhaps three to five lakhs. The ruler is often modern in outlook, intelligent and willing. He may content himself with a modest privy purse, but he can neither keep up the appearances that tradition and status demand nor provide adequately for the well-being of his subjects, much less institute legislative councils and similar democratic paraphernalia. In the somewhat wealthier class, we find states with only ten lakhs of revenue that are relatively better off and better administered than those with twenty lakhs.

II. CONGRESS AND THE STATES

BEFORE the world war, the princes and ruling chiefs continued to live a sheltered life, and the growth of political consciousness in British India affected them but little. The small states remained stagnant while the major states pursued a more or less enlightened policy : one or two, indeed, went ahead of British India in some respects. Baroda, for example, introduced compulsory education as well as medical and health services, an independent judiciary, a privy purse, and balanced and published budgets. Although the more advanced states had realised that the quickening life of India must affect them and had studied the implications, the princely arcady was not really seriously disturbed until there arose the political conflicts that brought into being the Round Table Conferences. At those conferences the princes enabled the discussions to take definite shape by signifying their willingness to enter into a federal scheme, as the soundest method of achieving unity and ensuring power and responsibility at the centre. It may be recalled, in view of present trends, that the princes made their acceptance of federation conditional upon the existence of mutually friendly federal units, and of adequate financial resources and undoubted stability at the centre.

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It is probably true to say, not only that the states promised to support an all-India federation from mixed motives, but also that some did not fully realise what their acceptance involved or what its effect might be upon vigorous political movements in British Indian provinces. Some states, though not the progressive ones, undoubtedly thought that acceptance of the federal principle represented the maximum political effort that they would be called upon to make, and that thereafter they could resume their sheltered life. Others realised that pre-war India was no more, and that they had every reason to make the best possible terms for themselves without delay: their initiative at the Round Table Conferences secured for them a standing in the future federation with which they could feel well satisfied. For sentimental and practical reasons, many states sympathised with the desire of British Indian politicians that in the new India there should be a minimum of British control and interference; but they had no intention whatever of allowing the British mantle to fall upon those same politicians. The latter, of course, thought otherwise, and would gladly have ignored the position and claims of the states had they been able to do so; nothing would have suited them better than to assume the rôle of British officialdom and exercise the same functions in relation to the states. Disappointment on the one side, resentment on the other, suspicion and obduracy on both sides, have brought about the present critical conflict.

The situation has so deteriorated in the last two years that while all the interests concerned still pay lip-service to a federal ideal—and in their hearts all know that an all-India federation is the only sound and durable solution—it is difficult to find any responsible body of opinion ready to accept federation in present circumstances. From the princes' standpoint, it is not difficult to understand why to-day they are hardly enthusiastic federalists. They are perturbed and not a little bewildered by the uneven outcome of the latest Congress technique in agitation. The

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resolution passed at the Haripura Congress convention a year ago * prescribed neutrality in respect of agitations in the states, but left a convenient loophole for individual leaders to "help" the states' peoples. This has been held to justify the action of Congress leaders who placed themselves in touch with discontented caucuses in certain states, and through them fomented agitation, with a threat of direct action. The ulterior motive is not obscure, nor is it disavowed in Congress circles. It is the ambition of the Congress, in case federation is introduced, to be able to form a central Ministry with a working majority, unfettered by the compromises that coalitions entail. It is purely a question of political arithmetic; for, thanks to the reservation of seats for Moslems and other minorities, the Congress cannot obtain that majority except by capturing a large proportion of the seats allotted to the states. Hence the persistent propaganda, especially in the advanced states in which results are more easily achieved.

The deepest concern was caused by the manner in which Congress sent outside volunteers to the states to agitate and stir up trouble. Mysore, Travancore, Hyderabad and Baroda, four advanced states with a high standard of administration, all experienced this interference in some degree. Again, in Rajkot, a backward state, the entire agitation was fostered externally and carried on internally by Congress volunteers from adjacent territory, until finally Mr. Gandhi intervened with what has been termed an innovation in political blackmail.† It is not surprising that the princes began to enquire how the Paramount Power intended to protect them from interference and invasion. While not fundamentally hostile to the federal scheme, they had no intention of signing their own death-warrant. Surely, they said, the Paramount Power should indicate how it proposed to deal with the present situation, and how it intended to carry out its moral and contractual obligations in the future.

* See THE ROUND TABLE, No. 111, June 1938, p. 567.

† See the article on "Mr. Gandhi's Fast," below, p. 598.

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In the present attitude of the states towards federation this issue overshadows all secondary points arising from the revised Instruments of Accession, upon which their views may shortly be expressed thus: "Is the Crown or the Congress to be the Paramount Power?" Should this be thought an unreasonable question, there is illuminating proof of its relevance in a recent article by Mr. Gandhi in his paper, *Harijan*, and the same sentiments were reiterated in his manifesto of March 20:

If the Princes believe that the good of the people is also their good, they will gratefully seek and accept the Congress assistance. It is surely in their interest to cultivate friendly relations with an organisation which bids fair in the future, not very distant, to replace the Paramount Power, let me hope by friendly arrangement. Will they not read the handwriting on the wall?

III. THE POLICY OF THE PARAMOUNT POWER

THE states do read the writing on the wall, and they find no assurance in the thinly-veiled threat. Nor are they pleased to be told bluntly that the terms on which they can buy peace from the Congress are that they shall introduce responsible self-government as the basis of new constitutions, and that the states' representatives in the federal legislature—the all-important matter from the Congress standpoint—shall be elected by the people and not nominated by the rulers. Thus will Congress obtain a majority and, so pessimists fear, will treaties be shorn of significance and India transformed into one vast voting-machine on the totalitarian model. Turning for reassurance to the Paramount Power, the states felt themselves unable to discern any clear-cut policy; and their fears mounted in response to what they regarded as the weak *laissez-faire* attitude of Delhi and Whitehall. If, as they knew full well, the Paramount Power had no intention of abdicating, then they felt that an intelligible policy should be laid down and a sustained effort made to rally in its support all the sound and progressive elements in the country. That did not

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exclude the Right wing of Congress. In any estimate of the situation it would be wrong to assume that the states are either inherently or irrevocably opposed to every aspect of Congress Right-wing policy. The imperative need was that there should be no further delay in stating the policy of the Paramount Power.

Events were to prove that the Paramount Power was neither as weak nor as puzzled as the deterioration in the situation suggested, though it is reasonable to conclude that an earlier statement was possible and that it would have avoided many unpleasant complications. The way was prepared by cautious but significant statements from Earl Winterton and Lord Zetland in England and by the Viceroy in Calcutta.* The outline of the policy became more definite with Lord Linlithgow's speeches at Jaipur and Jodhpur early in March. Finally, his annual address to the Chamber of Princes in Delhi provided the occasion of unmistakable significance that all interests had anxiously awaited. "I am not ignorant," said the Viceroy, "that in recent times the rulers of Indian states have been passing through, in many cases, a period of stress and difficulty. Far be it from me to deny that there have been many cases in which states have been subjected to attacks which were entirely unjustified, attacks in which one has been unable to trace any scrupulous regard for strict accuracy, or any real desire to promote the welfare of the state or of the people." But, after allowances had been made for such unjustified attacks, it remained true that the princes must take steps in accordance with current trends and place themselves beyond criticism. Public opinion must have an opportunity to express itself, and there must be machinery whereby legitimate grievances could be brought to notice and freely and promptly set right. The problems of absentee rulers, taxation, privy purse and balanced budget, all invited sage advice from the Viceroy: "The more personal the form of rule the greater is the need for the personal touch . . . he

* See THE ROUND TABLE, No. 114, March 1939, p. 356.

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who would be the father of his people must satisfy himself that all classes of his subjects are given their fair share in the benefits of his rule, and that an undue proportion of the revenue of his state is not reserved for his own expenditure."

The Viceroy stressed the sovereign rights of the rulers and the obligations of the Paramount Power to protect those rights. But he stressed no less the obligations of the princes to their subjects, to the Crown, and to their motherland. Assistance and advice would be given, but there would be no pressure on the states. There was, however, a warning that those princes who did not respond could expect little sympathy in future difficulties. Such was the burden of the Viceroy's advice to some six hundred states, to the small and backward among which he commended the wisdom of combining for administrative services.

Here indeed was the vital lead, demanded on the one hand by the states, and on the other by public opinion. In broad outline, the Viceroy's policy closely resembles that propounded by shrewd administrators and statesmen for the last twelve months. His announcement gave a marked impetus to discussions that had already been initiated in a number of states. More states launched enquiries into constitutional possibilities, with a view to providing suitable representative institutions and associating their subjects more closely with the administration. From the joint conclave of the leading Kathiawar states came their own suggestion of instituting and sharing an agency police. Why not, then, it is being asked, an agency judiciary, educational service, public works department, perhaps even a small legislative council, and a general pooling of revenues to provide for the essentials of progress? States in Central India have been invited to consider similar steps towards confederation for administrative purposes, and, if that is accepted, it is no great step to confederation for political purposes. Where there are tributaries which by accident or design have become separated from the parent body, they

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are being invited to consider returning to the latter on favourable terms.

The voluntary acceptance of advice and assistance was mentioned by the Viceroy and emphasised by His Highness the Maharaja of Nawanagar in reply. But none of those directly concerned can be unaware that what is voluntary to-day may not be so to-morrow. Democratic ideals are now too firmly rooted in India for their growth to be resisted. Danger lies also in forcing too rapid a pace of progress. If the states are resolved to reduce the disparity between their administrative and political conditions and those obtaining in British India, they are entitled to ask freedom from forms of pressure that are naturally repugnant to them—pressure which, while it might secure sullen acquiescence in the inevitable, could only sow seeds of future dissension. Here perhaps may be found the value of the personal discussions between Lord Linlithgow and Mr. Gandhi. The latter may be praised or condemned, but the essential thing is his very real power. He is also a very shrewd politician, and, if the cessation of external interference in the states is one practical result of the Delhi discussions, it may be assumed that the Mahatma has been convinced that the states are really moving with the times. Nothing is to be gained by attempting to stampede them.

IV. VARIETY AND COMPROMISE

IT is abundantly clear that more democratic forms of government will steadily be introduced in the Indian states. What those forms shall be, as the Viceroy said, must largely be guided by the passage of time and the practical test of experience. It is undeniable that the states embody ideas more characteristic of India than those to be found in the modern democratic principles that are being introduced and adapted. Furthermore, the states differ so much in their character, needs and traditions that it would be unwise, and possibly retrograde in effect, if there

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were an attempt to force them all into the same rigid mould. It can be said to their credit—and this has not always been conceded during the present controversy—that they began to evolve forms of responsible government before the present agitation assumed either strength or direction. Cochin, for example, has had a legislative council with wide powers for seventeen years. Last year it was decided to entrust the administration of certain departments to a Minister chosen from the elected members and responsible to the council as a whole. A form of dyarchy has thus been introduced. Even had dyarchy been the failure in India that it was so often proclaimed, it is not necessarily unsuitable for an Indian state where the civil servants are usually drawn from the people and have with them the bond of common outlook and interests. Its protagonists in the states to-day realise that “it may only be a stepping-stone to wider forms of democratic institutions,” but claim that in the nascent stages of democratic growth it has the merits of simplicity and feasibility.*

At all events, dyarchic devolution is the basis of advance that has gained the approbation of all enlightened states, and the one on which they are building, with such variations in the superstructure as seem suited to local traditions and requirements. One such interesting variation may be seen in the new Baroda constitution, which in outline and intention resembles that of Cochin. Here the popular Minister will be responsible to the Maharaja himself in much the same manner as the Dewan. The reforms committee, which had a strong non-official element, felt that this method was more likely to achieve the ideals of responsibility and closer association between governors and governed, by enabling the popular Minister to participate in and influence state policy as a whole in a manner which would hardly be possible if he were confined strictly to his own

* *The New Cochin Constitution*, by Sir Shanmukham Chetty, K.C.I.E., Dewan of Cochin. Proceedings of the East India Association, October 18, 1938.

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transferred subjects and made responsible only to the elected majority in the legislative council. Discussions in other enlightened states, such as Mysore, Hyderabad and Travancore, are still in progress, and there is reason to believe that the constitutions evolved will bear a general resemblance to those of Baroda and Cochin. It is of no less importance that a working model is being provided for those smaller states which have adequate resources, and for the combinations and confederations which may be formed among their still smaller or poorer colleagues.

The gradual devolution of autocratic power undoubtedly suggests a trend towards some form of constitutional monarchy in the modern and major states. His Highness of Cochin has not hesitated to say so, and the Maharaja Sahab of Jodhpur, replying to the Viceroy, said that he was afraid neither of federation nor of democracy on the British model. The transfer of power in the progressive states is intended to be real and effective, and few will contend, remembering British models, that there is anything irreconcilable between constitutional monarchy and such forms of democracy as may be suited to India's genius and requirements. Before, however, the states as a whole commit themselves to momentous and probably irrevocable changes, there is one question that should be answered: "Does the Congress accept Dominion status as its goal? If not, of what use are treaties with the Crown, and what is the value of federation if every unit is to be at war with every other unit?" The federal constitution approaches nearly to Dominion status, despite the present difficulties provided by defence and foreign relations. Congress still talks of independence, but there is no clear indication whether the aim is independence of the British connection or the independence conferred by the Statute of Westminster. Informed opinion inclines to the view that Mr. Gandhi and some of his Right-wing colleagues now seek only the latter, but it would relieve much tension, uncertainty and soreness if they were to say so.

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The present controversy now begins to appear in clearer perspective. There are, in fact, two overlapping problems. The possibilities of separate treatment have been obscured by political passions and propaganda, and by the process of evolutionary foreshortening to which India has been subjected for twenty years. The general desire for more liberal constitutions and for administrative efficiency finds its response in the declared policy of the Paramount Power and in the progressive developments in the larger states. In such respects the gap between British India and the Indian states will no doubt be steadily reduced. Democratic institutions will come more slowly in states of lesser resources and size, but they will undoubtedly come. The mass of tiny statelets presents great difficulties, but grouping offers such obvious possibilities that we need not despair of the outcome of the present vigorous approach to them. The first controversial problem, therefore, is being solved by goodwill and understanding and by the inexorable march of democratic thought and ideas.

There remains, then, the purely political problem presented by the Congress agitation to secure the presence in the federal legislature of what they term the elected representatives of the people instead of the nominees of the states. Only by this means, the leaders feel, can they secure a working majority and prevent the stultification of all progressive movements. It is not merely a question of two mutually hostile interests. Apart from the jealousies and ambitions that have always prevented the states from presenting a common front, it is likely that the states' representatives, whether elected or nominated, will be found grouped in their respective economic and territorial groups, and not tied to a particular political school. The result may indeed be very different from that which the Congress expects. It is unfortunate also that the Congress appears to attach little importance to the fact that the states could provide the new federal legislature with many able administrators and statesmen of the type of Sir Mirza Ismail, Sir

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V. T. Krishnama Chari and Sir Shanmukham Chetty, whose sagacity and experience would be invaluable in the early years of the new dispensation.

If, as it seems, conflicting interests can be reconciled only by political arithmetic, deadlock is not inevitable. The Act provides that the states' representatives are to be nominated by the rulers, but it does not specify any method whereby a ruler must choose them. He may choose arbitrarily, or create machinery for their election, or devise a compromise between the two. It is not unlikely that the progressive states will be prepared, as a first step, to nominate half and to allow half to be elected, thus providing a parallel to the new dyarchic administrations. They are genuinely seeking to readjust themselves to democratic forces which they can guide but cannot resist. The task of fitting into a loose democratic federation a heterogeneous mass of some 600 states in every stage of development obviously bristles with difficulties. No less obviously the way is opening for an understanding between British Indian politicians and the major states. The progressive introduction of liberalised administrations and constitutions can solve one problem. As for the other, if Indian political leaders are willing to honour treaties, to refrain from hostile interference, and to accept Dominion status as their objective, there are reasons for believing that the states might be prepared to concede the election of a proportion of their representatives, and that the Congress high command might accept such a step as a suitable compromise. The alternatives are so unpleasant that we are bound to put our faith in the eventual triumph of reason, goodwill and common sense.

India,

April, 1939

THE GERMAN MILITARY MIND

By a Correspondent

I. WAR THROUGH GERMAN EYES

TO judge from their field manuals alone, there would seem to be hardly any difference at all between the military ideas of the various nations. All of them agree in emphasising the same fundamental and uninspiring truths: the value of the initiative, the necessity of arriving at the decisive point first and with the superior force, the importance of surprise and speed, the need to take precautions against the enemy's counter-action. It is only when we turn from these truisms, and read between the lines, or, better still, when we study the histories of the various armies, that we become aware of those factors which really determine the outlook and the methods of the various national forces. Only then do we begin to appreciate how profound are the differences between the strategic outlooks of the British, the French and the Germans.

The investigation of these subtle national peculiarities in the approach to problems of strategy, or in the preference for certain tactical forms, is relatively easy where, as in Great Britain and to a lesser degree in France, the nations and armies have enjoyed a long spell of gradual evolution; but it is particularly difficult for Germany, whose national life has undergone a complete revolution in recent years. In some respects that revolution has affronted the deepest national instincts, while tending in others to exaggerate national traits to the point of absurdity. The sharp distinction between the traditional outlook of

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the German people—the product, gradually evolved, of their national genius and the accidents of their history—and the theory and practice of the Nazi régime is of particular importance in considering the fundamental background of all military activity, the general attitude of the nation towards war and its problems.

To the Anglo-Saxon peoples, war is an unqualified and, above all, an avoidable calamity. Even to those who do not regard it as radically opposed to the creed and spirit of Christianity, war seems to result from a lack of understanding and from the mismanagement of international relations. It appears as an error that might have been avoided, the blame for which can be apportioned, with a large degree of justice, between the two contending parties. From this point of view the German attitude, which accepts war as a natural, indeed necessary, element of human existence, and therefore as not conflicting with Christian doctrine, is bound at first to appear incomprehensible, not to say blasphemous.

It is easy to point to the contrasting historical experience that has led to this fundamental difference of outlook. On the one hand, we have the comparative immunity from war and invasion enjoyed by the Anglo-Saxon nations behind their silver walls; their long, though not unbroken, experience of the peaceful solution of internal differences, an experience which they are too apt to project upon the fundamentally different external plane; the profound influence of the nonconformist Christian churches. On the other, we have the highly turbulent history of the German people, confined as they have been between the French in the west and the Slavs and the Turks in the east; their memories of the Holy Roman Empire, which endowed the sword with the blessing of the Christian Church, as the bearer of justice and order and the weapon of defence against the infidels; and, last but not least, the profound influence exerted during the nineteenth century by universal military service, which, from the Napoleonic wars

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onwards, played a far larger rôle in the life and thought of the German people than in that of any other nation.

The German claim that war is an inevitable element in human existence is certainly not the expression of an unduly bellicose spirit, nor of a frivolous disregard of law and justice. On the contrary, at its most genuine, it reflects a deep reverence for the fact that man's destiny is dominated by forces mightier than all human will and foresight. Human life, according to this philosophy, is not a peaceful process in which all differences can be equitably adjusted with the exercise of a little good-will on both sides, but a majestic and violent drama in which, as in every tragedy, right conflicts, not with wrong, but with another right. Just for this reason, the German mind feels that the deepest issues cannot be submitted to the judgment of any mortal tribunal, be it the wisest judge or the most objective court of law.

In all great and decisive moves in the international sphere (recently wrote a profound student of the international outlook of the German people *), wherever not "episodes" but "epochs" are in the balance, the conflict of one State with another over certain rights or interests is merely the outward and visible sign of a far more fundamental conflict. . . . The act whereby the conflict is composed constitutes not a judgment or a settlement, establishing rights, but a balance-sheet showing the rank that the nations concerned have established for themselves in the struggle. The world war, in its deepest aspects, was no struggle for certain rights or interests, any more than the war of American Independence was a conflict about tea-boxes; and the treaty of Versailles forms as little the legal documentation of the settlement of extensive and complicated quarrels as did the treaty of 1648; but its stipulations provide the complex and often scarcely decipherable signs by which the new rank of some nations, their weight in the balance of history, has been expounded.

From this point of view—which, the author goes on to claim, is the result, not of a mystical belief in "blood and iron", but of an unbiased attention to the facts of history—the attempt to eliminate war altogether through the setting-up of a League of Nations, or any other form of collective security, must appear to be based on an erroneous,

* Dr. Karl Schmid, in the *New Commonwealth Quarterly*.

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indeed a superficial and irreverent, conception of human destiny. For by seeking to obviate the ultimate recourse to the sword it threatens to withdraw the fate of the world from the soldier risking his life for his cause, and entrust it to the pettifogging lawyer. Moreover, by trying to achieve what is neither possible nor desirable—it was Moltke who declared that “eternal peace is but a dream, and not even a pleasant dream”—it is bound to end sooner or later in disaster infinitely worse than the hardship that it has vainly set out to abolish. Here, in fact, lies a much deeper source of German distrust of the League of Nations than the unfortunate connection with the treaty of Versailles. That such sentiments are neither a purely German perversity nor incompatible with the deepest religious feeling is shown by the example of the famous American naval historian, Admiral Mahan; in all his work, and particularly in his collected essays on *Some Neglected Aspects of War* and in *Armaments and Arbitration*, Mahan took his stand upon exactly the same doctrine, though he wrote as a devout and earnest Christian, in which character he was respected by everybody who came into contact with him.

The German people, steeped in this concept of war as a sort of “trial by battle”, have tended to regard war as essentially a conflict between the armed forces of the States concerned, and not as involving their civilian populations. To the German people, war is—or rather, has been—a struggle in which, in the words of Rousseau,* the individuals are enemies only by chance, not, indeed, as individuals, but merely in their function as soldiers; this in contrast to the more natural view, which has always been held in Great Britain, that war constitutes a state of enmity between all individual citizens of the belligerent parties, as well as between those parties themselves, and that there can be no economic peace side by side with a conflict in arms.†

* *Contrat Social*, I. 4.

† Cf. Dr. Hugo Richarz, *Wehrhafte Wirtschaft*, pp. 10-11.

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The former artificial distinction, however, persisted in Germany until the beginning of the world war, when it broke down under the impact of the mass emotions aroused by that struggle. It broke down, that is, among the civilian population. At the front, the old spirit still retained its influence, and nothing in the whole of the Allied propaganda—in itself felt to be an “unfair” method of waging war—aroused such fierce resentment as the exaggeration of misdeeds inseparable from any great army in the field, and of hardships inevitably imposed upon the civilian population of the invaded areas. The general accusation of “unchivalrous conduct”, which was built on these charges, was bitterly repudiated precisely because the German army felt itself to be imbued with the very opposite tradition, and, as far as possible, to be living up to it.

It is hardly necessary to point out how fundamentally this traditional German outlook upon war has been distorted and perverted in many respects by the Nazi régime. No attempts to disguise it or explain it away can conceal the gulf that yawns irreconcilably between the traditions of the German army and the spirit of the Nazi party. However much the German army as a whole may have come gradually under the influence of Nazi propaganda, the individual German soldier, again and again—in Austria, during the November pogroms, in Czechoslovakia—has openly dissociated himself from the shameful deeds of “bravery” that the Third Reich has performed towards those who could not defend themselves.

II. THE GERMAN CONCEPT OF STRATEGY

IN the military sphere, this idea of war as a purely military struggle between two opposing armies, added to the thoroughness of the German mind, has resulted in a unique mastery of the meaning and the possibilities of strategy. In fact, during the greater part of the nineteenth century,

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Prussia-Germany enjoyed a virtual monopoly in the "higher conduct of war". A series of outstanding strategists and military organisers—Scharnhorst, Clausewitz, Moltke, Schlieffen—taking up, where he had left it, the decisive, mobile strategy inaugurated by Napoleon, pursued it to its logical conclusion, and adapted it to the new means of transport and communication as well as to modern mass armies.

The concept of the "conduct of operations" that they evolved was derived from what may best be described as the idea of "pure strategy". War was envisaged as a strictly autonomous military act, directed according to its inner strategical logic towards one decisive aim, the overthrow of the enemy's forces in the field. The idea was that all other considerations, political or economic in character, being extraneous to the strict military *rationale*, could only divert military action from the course best calculated to achieve that aim. Whatever their urgency, they therefore had to be rigidly excluded; for the attainment of the supreme objective would make good all sacrifices or disadvantages incurred in the meantime. This notion of the overriding importance of the military factor led to severe friction between Moltke and Bismarck in 1870, and was responsible for the march through Belgium in 1914; moreover, it misled the German navy, as its spokesmen to-day frankly admit, into a wholly erroneous conception of naval warfare as a purely military struggle between the opposing fleets, instead of a fight for the control of vital sea communications.

It was held to be the aim of strategy to accomplish the overthrow of the enemy rather by movement than by straightforward fighting—movement conceived, not in the eighteenth-century fashion as a means of waging war without resorting to the doubtful expedient of battle, but on the contrary as a means of bringing about the complete discomfiture of the enemy by keeping him "on the run" and forcing him to expose his flanks and rear to decisive

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strokes. In such wide sweeping movements as Napoleon's advance upon Ulm in 1805, or the Schlieffen Plan of 1914, or, conversely, the great strategic retreat of the Russians, which broke up the *Grande Armée*, rather than in the actual direction of the forces in battle, German military thought saw—and still sees—reflected the true greatness of a commander, the creative aspect of the art of war, and the proper sphere of strategy.

The appreciation of "movement" as the essence of strategy is but the reflection of a fundamental feature of German military thought, which perhaps more than any other serves to distinguish it from that of other nations : its habit of looking upon the campaign, or war, as a whole. While French, British and other military thinkers, conceiving military theory as a series of ill-defined principles, indiscriminately applied to tactics and to strategy, have tended to concentrate upon the conduct of the individual action, German strategic thought, particularly that of its great master, Carl von Clausewitz, owes its mastery of the art of war to its realisation that the deepest problems in the conduct of war do not emerge from the individual operations, taken by themselves, but only from their co-ordination into a continuous, coherent whole.

This idea of the "inner continuity of the military effort" does not mean, as is sometimes contended by French critics, that strategic operations must be conducted according to a preconceived plan. That was not true even of the famous Schlieffen Plan. It means something infinitely more elastic and more difficult : continuous adaptation of events to the objective of the campaign, through the superior will and intelligence of the commander. Far more ambitious than the French notion of manœuvring for a suitable opening, this German conception of strategy as a coherent "system of expedients" demands of the commander more than mere talent, or the painstaking intelligence and skill of the French ideal of the *officier instruit*. It demands a creative power to bend events to his will, a faculty little short

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of genius. Count Schlieffen, recently taken severely to task by prominent German military critics for his failure to allow for mediocrity, and for the superhuman nature of his demands upon leadership, had only developed the implications of German strategic thought to their logical conclusion. When, in 1914, in the hands of men who lacked the drop of Samuel's oil by which Schlieffen symbolised the genius of the born captain, his plan broke down, and when the power of the machine gun transformed the war of movement into the grim and laborious struggle of trench warfare, the internal and external limitations of that strategy were suddenly revealed. Yet so strong was the grip that it had established upon the thought of the German general staff that neither during that conflict nor since have they realised how fundamental is the revision thus made necessary.

German military thought has not, indeed, been blind to the new developments. It has completely thrown over the former tendency towards "pure strategy", fully recognising to-day the importance of political and economic considerations. In many other points it has shown a keen perception of the changes that have occurred since 1914, although it still hopes to return to the war of movement. But it has grafted these newly acquired ideas upon the old doctrine, without recognising their utter incompatibility with it, and has thus unwittingly discarded that conception of war as a whole upon which German strategy, more than that of any other nation, depends for its successful execution.

III. TACTICS AND DISCIPLINE

LIKE German strategy, German tactics are characterised by their freedom from restraining rules or methods. They are designed to allow the individual commander the greatest possible liberty in adapting himself to the concrete situation that confronts him and in exploiting it to military advantage. Here is a complete contrast with

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the French tendency to evolve carefully thought-out patterns of conduct for every conceivable contingency, a method that the German mind rejects as too complicated, too slow, and above all too rigid.

The German commander is allowed a latitude in his tactical decisions such as exists in no other army. It has not always been so. Under Frederick the Great, so strict was the control of officers, even on isolated duty, so fierce was the king's insistence upon the precise execution of his orders, that they did much to quench the spirit of initiative aroused in his generals by his own heroic example. But after his death, and in particular after the breakdown of his system in the catastrophes of Jena and Auerstädt, the pendulum swung to the opposite extreme, and it has remained there ever since. Prince Frederick Charles of Prussia, the great military organiser of the middle of the nineteenth century, wrote in 1860 :

Prussian officers cannot be subjected to restrictions by regulations and tactical schemes such as are in force in Russia, Austria and Great Britain. With our officers, it would not be possible to fight a defensive battle on such regular lines as Wellington adopted. . . . With us, the generals are ready to engage freely in all kinds of enterprises on their own account, without the knowledge and the assent of the commander-in-chief, and to exploit to the utmost all successes gained.

A great measure of independence is granted to the commander, not only in the undertaking and pursuit of actions on his own account, but above all in the execution of his orders. As the man on the spot he is not merely authorised but indeed expected to correct his orders on his own initiative as soon as he realises that they do not fit the situation. The outcry of an old general, "Sir, the reason why the king has made you a staff officer is that you should know when *not* to obey your orders", is one of the most famous *bon mots* of the German army. Such ability to exploit the peculiar features of a given situation demands the greatest rapidity both in decision and in execution. German tactical training, therefore, ranks speed and vigour in

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execution above the correct form of the action, or above that care for ensuring "security" which characterises French tactical ideas. German tactical skill is felt to find its most congenial conditions, not so much in regular attack or defence, as in the free encounter of mobile warfare. Although, to-day, with the immense complication of units, equipment and tactical methods, such free action is acknowledged to have become far more difficult than formerly, great attention is being paid in Germany to a thorough training of the troops for a war of movement, special care being devoted to reducing as far as possible the inevitable time-lag between the infantry's deploying into action and the readiness of the artillery to support it.

The German soldier therefore claims the attack, in which above all he finds the sense of swift and vigorous combat, as his specific national form of action. Not that he underrates the romantic *élan* of the French, the dogged stubbornness of the British, the crude bravery of the Russian attack; but all these nations, he finds, show an even greater aptitude for the defence. In the swift and irresistible onrush, on the other hand, with which from the days of the Romans to the world war his forefathers used to overrun their opponents, he recognises his own peculiar heritage, the expression of his sanguine temperament. In its strange exhilaration he feels the very soul of war vibrating. He believes that the dashing spirit of attack, regardless of loss, has often served to snatch victory from the very jaws of defeat.

Before the world war, the German army made the mistake of retaining its rigid forms of infantry attack, and seriously neglecting the assistance of the artillery. To-day, not only have these two defects been thoroughly remedied, but the very restrictions of the treaty of Versailles, which deprived the Reichswehr of tanks and heavy artillery, obliged it to develop the power of attack to the utmost, with the result that the German army probably leads all other forces in its training for modern elastic attack. It believes that, when the mechanical equipment of the armies

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of to-day neutralises itself in a deadlock, victory will fall to the better trained infantry, and, above all, to the infantry trained to dispense if necessary with the assistance of the tank.

In the same way the world war brought about a profound change in the German army's attitude towards the technical factor in modern warfare. Before the war, the intense emphasis laid upon the spirit of the infantry attack had led to a serious underestimation in the German army—as compared, for instance, with the French army—of the importance of the technical factor. Despite their rapidly growing importance, the members of the technical branches were looked down upon by the “real soldiers”. In order to achieve promotion in his service, the sapper had to prove to his superiors that he was no sapper, but an infantryman, while the field artillery concentrated to such an extent upon the cavalry part of its work, driving and riding, that it not only neglected shooting, but also sacrificed valuable points in its guns and munition train in order to keep them sufficiently light for a gallop. Only the heavy artillery, free from such distracting influences, developed to the full the means at its disposal.

Under the influence of the world war, this outlook has undergone a radical change. The military spirit of the technical soldier is no longer questioned, although a certain soreness on this point still persisted only a few years ago. The importance of the fullest use of all technical resources is very strongly emphasised. The training of the various technical branches—sappers, mechanised units and artillery—is at a very high standard. In particular, the field artillery has completely made good the lag formerly existing between its own and the heavy artillery's methods of fire direction and spotting.

Yet pronounced contrasts with the comparable services of other armies still exist. As a German artillery officer recently pointed out,* the German officer's attitude towards

* Dr. Horst Herrmann, *Der Offizier als Mathematiker*.

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shooting, and in particular towards mathematical ranging, differs fundamentally from that of his French opposite number. The French officer is not satisfied with merely accepting the rules he is instructed to follow, but feels personally responsible for their adequacy, and constantly re-examines their basis, elaborating new mathematical methods that appeal to his taste, as an elegant solution of a problem, no less than to his scientific spirit. The German artillery officer, on the contrary, considers the relatively simple methods laid down in his regulations as fully adequate and above doubt. His concern is not with their critical examination, but exclusively with their application to varied circumstances. In this, however, he is disinclined to fetter himself with mathematical methods of fire-direction, however brilliant. For the sake of an enlarged freedom in exploiting the situation, he is ready to renounce their many and great advantages: the ease and simplicity of their application, the infinitely smaller physical and psychological strain that they impose, the facility in taking over from another command. Admitting that mathematical fire-direction may prove superior in stable warfare, he feels that it cannot compete with his own free methods in mobile warfare, in which during the world war the German artillery always achieved its best results.

A parallel change has been brought about by the world war in the German army's attitude towards discipline and obedience. Since the days of Frederick the Great, when obedience was exalted into the cardinal virtue, any infraction of which was unforgivable, the Prusso-German army has been prone to identify military efficiency with strictness of discipline, and to judge other forces too much by this standard. Even when it was fundamentally altered in inner structure from a mercenary force into a national army in the time of Napoleon, the strict outer forms were left untouched, although indeed the spirit in which they were applied from that time onwards was more paternal and less mechanical than the foreign observer might

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imagine. Yet the utter breakdown of the morale of the German army in the autumn of 1918 showed that mere external strictness, tempered by paternalistic benevolence, was not enough, and that the relations between the leaders and the led must be placed upon a broader and firmer foundation, if they were to survive a similar strain in the future. Since the end of the war, therefore, the chief preoccupation of the German military authorities has been to assure the morale and inner coherence of their force against a similar catastrophe. Without in any way relaxing the outer forms of discipline, the German army has been at pains to forge the relations between the leaders and the led in the shape, no longer of mere external authority, but of a real inner bond. The young officer is taught as his primary duty to win the confidence of his men, and to establish a real feeling of comradeship with them—without thereby endangering his authority. The new, airy barracks with their whitewashed and gaily adorned walls, the care taken in the preparation of the food, and the higher pay, are an outward expression of this greatly increased solicitude for the well-being of the rank and file.

In this recognition of the soldier's individuality, the German army is but paying tribute to the exigencies of present-day infantry tactics, which demand a vastly increased measure of initiative and independence on the part of the private soldier. The close formations of pre-war tactics left to the officers the tactical skill whereby the units of man-power became instruments of action. The new tactics, based upon the personal initiative of the individual soldier or the small machine-gun squad, have made imperative a far more meticulous and individual training. This modern training is designed to develop, not only the traditional offensive spirit of the German soldier, but above all those qualities of enterprise and intelligent adaptation to circumstances in which he has hitherto shown himself relatively deficient, and in which the French soldier was recognised to be superior in the war of 1914-18.

BRITISH SHIPPING IN THE ORIENT

UNLESS a prompt and concerted effort is made by the British nations, shipping under their flags in the Far East is doomed to decay. That is the inescapable conclusion of the latest report of the Imperial Shipping Committee.* And as the British mercantile marine declines, anywhere in the world, so the strength of the whole Commonwealth in face of danger is sapped. For the sea is its arterial system, and trade and shipping are the twin corpuscles of its blood stream.

I. WHERE THE SHOE PINCHES

THE report, which is exceptionally valuable and frank, contains a mass of luminous figures and other information. It appears that the danger of decay of British shipping in the East chiefly menaces four main routes: between the Orient and North America; between Japan and India, Burma, Ceylon and Malaya, *via* Singapore; between Japan and Australasia; and the coastal and riverine trade of China. Foreign competition has also begun to eat into the coastal shipping trade of India and Burma, and beyond India to the Persian Gulf, East Africa and the Cape, slowly but like a smouldering fire. On the remaining great Oriental shipping routes of importance to the mercantile marine of the British Commonwealth, namely, the routes between Europe and the East *via* the Cape and Suez, British shipping has held its own. There, it maintains a

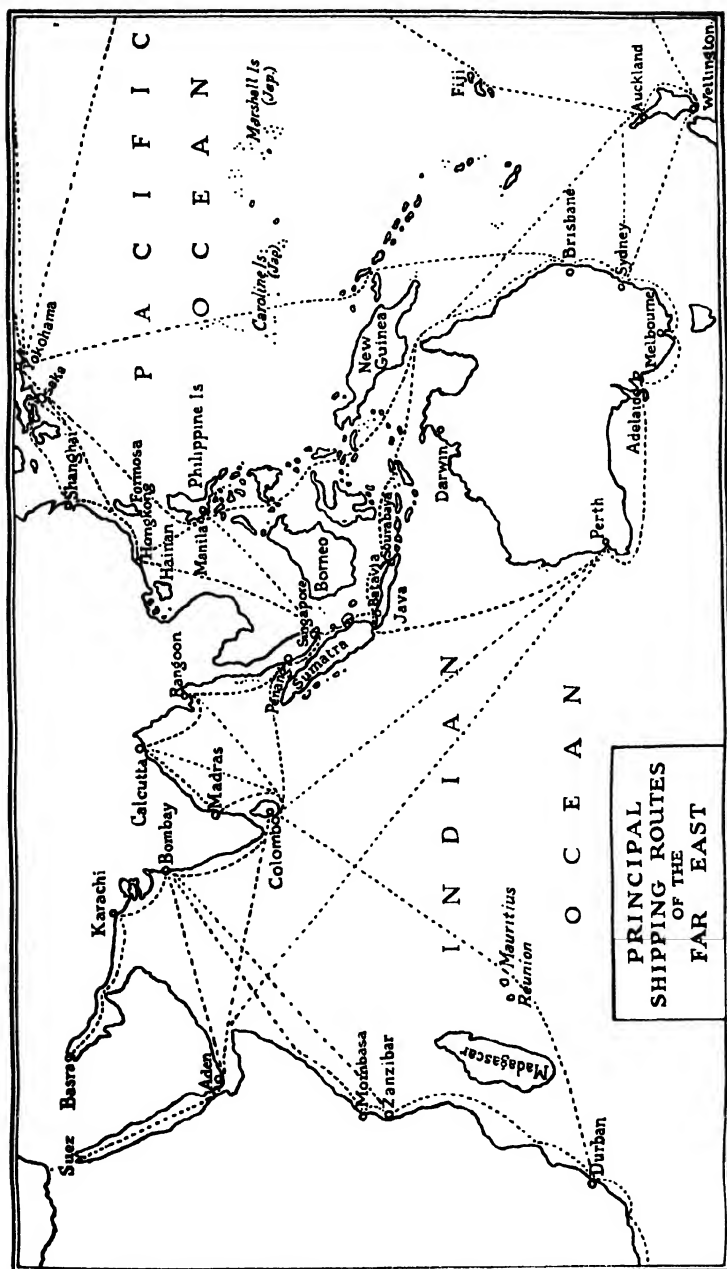
* *British Shipping in the Orient.* Thirty-eighth report of the Imperial Shipping Committee.

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long lead over its competitors—mostly European countries—with between 40 and 50 per cent. of the tonnage passing and of the cargo and passengers carried. This Europe-Orient traffic accounts for about one-half of the £33,000,000 which United Kingdom shipping earned in Oriental trades in 1936. That sum was about one-quarter of the gross receipts of the United Kingdom shipping industry from the carriage of cargo and passengers all over the world. In the Oriental routes on which British shipping is seriously threatened, therefore, we are apparently concerned with roughly one-eighth of the total British shipping interest. This figure, however, does not take account of British shipping not based on the United Kingdom.

The coastal and riverine shipping of China is in a different position from the other threatened categories because its present state is pre-eminently affected by the Sino-Japanese war, on the outcome of which its future manifestly depends. According to the trends that were visible in 1936, when China and Japan were at peace, two things were likely to happen. First, both Japanese and Chinese shipping would continue to encroach on the British position in the lower Yangtze. Secondly, although the rising prosperity of China would bring more grist to the mill of all concerned in her trade, her own protective tariff would probably diminish her imports of goods shipped in British and other foreign bottoms; her strengthening nationalism might also lead her to take for her own ships a growing share of her coastal and interior water-borne trade, or to foster the traffic by alternative railway routes. Estimates of the future, in the light of actual events since 1936, can only be hypothetical. If Japan beats China to her knees, and permanently retains her present forcible command of China's coast and ports, then she will undoubtedly take as much of the Chinese shipping traffic for herself as she has the means to supply. If, on the other hand, Japan's effort collapses under its own weight, and a victorious China sweeps back to the coast, a period of exhaustion and

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probably disorder might be followed by a torrent of Chinese nationalism. The second, however, is clearly the preferable alternative for British shipping interests in China.*

The remaining three categories of shipping in the Orient in which the British position is menaced are all alike, in that they are on routes between Japan and British or other territories in whose external trade British shipping has had a very great interest. They are: Japan to the lands of the Orient that lie west of Singapore, particularly India; Japan to Australasia; and Japan to the east coast of the Americas *via* Panama, together with the northern trans-Pacific route to the west coast. The chief and most damaging competitor is of course Japan herself. By far the greater part (nearly 80 per cent.) of Japanese shipping is occupied in carrying the exports and imports of its home country. In 1913, one-half of Japan's foreign trade by value was carried in Japanese bottoms, and 29 per cent. in British. By 1935, the Japanese share had risen to two-thirds, while the British share had fallen to 11 per cent. A further fraction of some 3 per cent. must be added to the Japanese share, making it nearly 70 per cent., to account for ships registered in Dairen or China but owned in Japan. British shipping earnings from carriage to and from the Japanese empire—liner, tanker and tramp—were of the order of £4 million to £5 million per annum in 1935 and 1936.

In the trade between Japan and the Americas, British liner interests are small and are declining, the United States being the chief victim of Japanese competition. British tramp and tanker interests, however, are still considerable. On the north Pacific route, the Canadian Pacific line is well established, but the future of the Blue Funnel line is uncertain, as its vessels are due for replacement but have not been earning enough to cover depreciation. There

* See article on "The Future in China," in *THE ROUND TABLE*, No. 114, March 1939, pp. 309-22.

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are three Japanese lines competing with the Blue Funnel, which has also suffered from a special cause. Raw silk exported from Japan to the United States used to be carried to the west coast in British and American vessels, and forwarded eastward by rail. With the fall in the price of silk, the traffic could not bear the rail freight, and under Japanese initiative it was directed to the cheaper all-water route *via* Panama, on which it is carried very largely in Japanese ships. On the journey from the east coast of the United States to Japan, British lines have been unable to obtain cargoes of raw cotton for Japan as they did formerly, presumably because the Japanese merchants have taken to buying cotton *f.o.b.** in the United States—a device that has served Japanese shipping well in other commodity trades.

In 1935 and 1936 there was also severe Japanese competition in the important rubber shipping trade between the Straits and the east coast of North America, a trade previously carried on by four British and two American lines on a round-the-world basis, the return voyage being *via* the Cape or Suez. When the new competitive struggle was at an inconclusive stage, however, Japanese shipping was diverted as a result of the war with China, and the pressure from the Japanese lines relaxed.

The ambitions of Japanese shipowners in the Pacific area are revealed in the following passage from an article by the President of the Shipowners' Association of Japan, written in 1937 :

As has been repeatedly stated, the stream of trade in the Pacific will expand tremendously in the future. But as there are no countries bordering the Pacific that are specifically shipping countries, our country with its favourable geographic position should obtain the carriage of most of this trade and it will be an excellent sphere of activity for our tramps. The tendency is for passenger traffic to increase daily in the future along with the

* "Free on board", that is to say, bought from the supplier in the country of shipment; contrasted with *c.i.f.*, "carriage and insurance free", that is to say, bought on arrival in the country of destination.

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economic and cultural development of the countries on the coasts of the Pacific. Therefore it is the duty of the passenger ships of our country to take an active rôle in this direction in the future. . . .*

These ambitions are legitimate, and we need not grudge them to Japan. But around the Pacific rim lie three great British Dominions and several important British colonies, and although these are not "specifically shipping countries" they are parts of a Commonwealth which commercially and strategically stands or falls by its strength upon the high seas, in mercantile marine as well as navies.

In 1936, about 19 per cent. of Australia's exports went to the Orient, whence she drew 17 per cent. of her imports, Japan being by far the most important Oriental market for Australian products, particularly wool. Of the liner trade between Australia and Japan, based mainly on the export of Australian wool, Japanese vessels carry about 80 per cent. There is only one British liner service from Australia to Japan, which operates three old vessels. This line has had to meet the increasingly severe competition of four Japanese lines, which operate more than a dozen vessels, including some of the most modern types, and are building more. There is a large trade in wheat and ore from Australia to Japan and China. The trade is carried almost entirely in tramps, and only a very small part of it in liners. Here again, an increasing proportion has been done in Japanese vessels. By purchasing wheat and ores *f.o.b.* in Australia, the Japanese merchant or agent is in a position to choose the vessel for shipment. There is no Japanese competition in the liner trade between Australia and the Netherlands East Indies and Malaya.

The proportion of New Zealand trade with the Orient is very much smaller than that of Australia and is almost entirely to

* International Marine Transport, Vol. XII of the *Complete Library of Railways and Communications*, published by the Shunkosha in Tokyo, September 1937. Chapter XII, Section 5. The writer significantly went on to draw attention to the American neutrality law, which stipulated that in time of war belligerents requiring American produce must fetch it in their own ships.

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and from Japan. Nevertheless both the proportion and the value are beginning to grow. . . . Almost the whole of this trade is carried in Japanese liners owned by one or other of the companies in the Australia-Japan Liner Conference.*

The shipment of wool and other Australian and New Zealand products *f.o.b.* contributes to the advantage of the Japanese lines and tramp-owners. In other sections of the traffic it is the competitive pull of lower costs and newer ships (to some extent subsidised under scrap-and-build schemes) that gains the day for Japan. It has not been easy to persuade Australian and New Zealand producers that in the long run it may not pay them to use the cheaper shipping facilities, since the disappearance of British shipping from those routes would not only weaken their defences as partners in a maritime empire but might also leave them economically at the mercy of monopolistic shipping and merchanting interests.

It is in the trade between Japan and the British countries of the Middle and Far East that the pinch of Japan's highly organised system of linked manufacturing, merchanting and shipping interests has been most keenly felt.

Japanese cargo liners and tramps carry a large trade in iron ore from British Malaya, and M.B.K.† does a trade in rubber between the same two countries. Very little of these trades appears to be in British ships, although the commodities carried are derived from British protected territory.

The Japanese lines which ply in the trades with India have their terminal either at Calcutta or Bombay. Almost the whole of these trades was formerly carried in British vessels, but Japanese vessels carry to-day approximately 50 per cent. of the Calcutta trade and 80 per cent. of the Bombay trade, and on both routes traffic is picked up at intermediate ports. The Calcutta-Japanese vessels carry no less than 80 per cent. of the cargo trade between Burma and Japan. The Bombay-Japanese vessels are offering increasingly severe competition with British shipping between Japan and Colombo, between Colombo and Bombay, and between Hong Kong and Bombay.

The Japanese trades to the Persian Gulf and to East Africa

* *British Shipping in the Orient*, p. 44.

† Mitsui Bussan Kaisha, a great Japanese business house which has a secondary interest in shipping.

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were formerly carried either in British or Japanese vessels to India, and there transhipped to vessels of the British India Company. Both trades are now conducted in Japanese vessels offering a direct service.*

II. THE BASES OF JAPANESE COMPETITION

THE Imperial Shipping Committee was at some pains to seek the causes of the relative decline of British shipping in the face of Japanese (and in some directions other foreign) competition in the Far East. German, Italian and United States ships are fairly heavily subsidised in different ways, French and Netherlands ships less so. Japanese subsidies have largely taken the form of subventions on the replacement of old tonnage by new. By the early part of 1937, three successive scrap-and-build schemes had resulted in the scrapping of some 500,000 tons gross of old tonnage and the construction of forty-eight fast new ships of some 300,000 tons gross. A fourth scheme, which came into operation in April 1937, provides for the subsidised construction of high-class passenger and passenger-cargo liners of not less than 6,000 gross tons and 19 knots speed, at rates of subsidy approximating in some cases to half the building cost. The subsidies, though payable by instalments spread over eighteen years, are to be paid in respect of construction during the four years 1937-41 of 150,000 gross tons of passenger vessels and 150,000 gross tons of passenger-cargo vessels, the total subsidy envisaged being over 50 million yen (£3,000,000 sterling at current rates of exchange). The Japanese Government has also enabled shipbuilders to raise loans at artificially low rates of interest. Compared with the assistance for building, subsidies for operation have been small. From 1931 to 1938, operating subsidies averaged about 13,500,000 yen a year, or say £1,000,000, only about half of which was paid for trans-oceanic services, the greater part of this sum being allotted

* *British Shipping in the Orient*, p. 35.

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to the trans-Pacific lines. Japan also pays a tramp subsidy at approximately the same rate as the British tramp subsidy, which was paid in 1935 and 1936, was then discontinued because freight rates had risen, and has now been renewed.

It is difficult to isolate the competitive effect of currency depreciation, since its incidence varies in the different items of shipping companies' costs. The effects of depreciation and the lower Oriental standard of living can best be taken together, as the Imperial Shipping Committee take them, in a comparison of British and Japanese cost schedules for building and operating ships of similar type. The Committee learnt that a Japanese cargo liner of some 6,000 tons gross, with Diesel engine and 12 knots speed, would have cost the equivalent of about £140,000 in 1936, and that a comparable British vessel would have cost about £160,000. Since 1936 the consequences of the China war have brought Japanese and British shipbuilding costs more closely together. The annual operating costs of a medium-sized British cargo liner were about £40,000, compared with about £35,000 for a similar Japanese vessel, with its lower scale of pay, victualling costs and expenses of management. This margin, though considerable, might not by itself be decisive. The Committee was inclined to view with greater apprehension the possible future effect of exchange-control systems, which may virtually oblige a shipper or importer, in the country exercising control, to ship in vessels under that country's own flag. The system has so far had visibly serious results in the Orient only in regard to German shipping. The stringent system of exchange control recently adopted in Japan has not yet been in operation long enough, or in sufficiently normal conditions, to enable the effect on the shipping trade to be estimated.

One of the most potent instruments of Japanese shipping competition is the close vertical and horizontal organisation of Japan's industry, commerce and transport.

Practically the whole of the large-scale enterprise of Japan is under the financial control of one or other of three great family

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businesses (known in Japan as "Zaibatsu," * or money-groups) —Mitsubishi, Sumitomo and Mitsui. . . .

A single Zaibatsu can build ships in its own yard, operate them, provide them with fuel from its own mines or storage tanks, insure them and their cargoes, load and unload them, warehouse the cargoes and discount the warrants at its own bank. Its merchanting companies provide a considerable proportion of the cargoes carried, both outward and inward, and of these goods in turn a substantial part comprises raw materials for its own factories, or finished articles produced by those factories. . . .†

Horizontal as well as vertical organisation has also been important in the relations between Japanese industry and oversea shipping, more especially in the Bombay-Japan cotton trade. Some 97 per cent. of the Japanese cotton spinning industry is organised in an association called Rengokai, which has represented it in dealings with shipping firms. By contrast with this ordered system, British shipping and merchanting in the Far East are conducted by a host of independent and competing firms.

The Imperial Shipping Committee quote a number of cases to show the effect of Japanese commercial solidarity in the history of the various shipping conferences, which fix freight rates, regulate competition and maintain the system of deferred rebates to "loyal" shippers in the various Eastern trades. In the Bombay-Japan conference, for example, the original agreement, which was reached in 1888, gave the British line (the P. & O.) 39/60ths of the "upward" traffic (*i.e.* Bombay to Japan). By 1913 two Japanese lines, the N.Y.K. and the O.S.K.,‡ had obtained an allotment of 40 per cent. of the traffic, the share of the P. & O. being reduced to 28 per cent. The war brought about the retirement of the Italian and Austrian lines, and the three remaining members then agreed to share the traffic in equal thirds. The N.Y.K. had been

* There is a fourth Zaibatsu, Yasuda, but this is mainly interested in finance, and is not involved in shipping.

† *British Shipping in the Orient*, pp. 72-4.

‡ Nippon Yusen Kaisha and Osaka Shosen Kaisha.

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admitted after a prolonged struggle in which the decisive factor was the loyalty of the Rengokai to the Japanese line, coupled with the practice—still continued—of buying raw cotton in such a way that its ownership passed into Japanese hands before it left India. The O.S.K. was in turn admitted under pressure from the N.Y.K. In 1925 the two Japanese lines together used their influence to secure for still a third, the K.K.K.,* rights to participate in the conference, in the shape of a limited number of permitted sailings a year. Lately another Japanese line, the M.B.K., has come into competition with the conference lines, seeking to carry in one direction the products of Mitsui factories and in the other the raw material for them. Its admission to the conference is being supported by the N.Y.K. and the O.S.K., on condition that their own proportion of the trade is not diminished. A still further handicap for the P. & O. is the fact that the “upward” freight rates are fixed, not by the conference, but by agreement between the N.Y.K. and the Rengokai, and are settled at a level which is unremunerative to the British line.

That is a typical example of the way in which Japanese mercantile organisation and national solidarity have driven the wedge further and further into British shipping interests in the East. On the route between Japan and Australia the position is even worse; for the British line (the Eastern and Australian), which was once alone in the trade, now faces three Japanese competitors, takes only a 22½ per cent. share in a freight pooling arrangement, and is threatened with extinction altogether. It can afford neither to go on running its old ships nor to build new ones, in face of the kind of competition that it has to meet. As Mr. W. L. Hitchens, a member of the Imperial Shipping Committee, said in his chairman's address to the annual meeting of Messrs. Cammell Laird and Company :

Perhaps the greatest advantage that Japan has is a unity of purpose and a unity of direction and control which are

* Kokusai Kisen Kaisha.

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conspicuously absent where Imperial shipping is concerned. A rabble cannot stand up against a highly organised and well-led army, however efficient the units comprising the rabble may be. There is no unity of policy, direction, or control to be found among those States of the British Empire to whom British sea power in the Far East is a matter of life and death.

Because the root of the trouble lies here rather than in finance, the measures of government assistance to British shipping, announced by the President of the Board of Trade on March 28, valuable as they are, cannot by themselves be more than a palliative for the trouble in the Far Eastern shipping trade. The measures include a subsidy of £2,750,000 a year for five years for tramp shipping other than coasting vessels, on the understanding that an international scheme will be reached for adjusting the volume of tramp tonnage to the demand; the appointment of an advisory committee to consider applications for assistance from liner companies threatened by subsidised or otherwise unfairly aided foreign competition, on condition that the liner section of the shipping industry should organise itself to put up the required defence without government financial assistance if possible; the allocation of a maximum of £500,000 a year for the next five years to subsidise, on an appropriate scale, owners of new tramps or cargo liners (other than refrigerated or passenger vessels) ordered in the next few months from United Kingdom shipbuilders; the provision of £10,000,000 for loans to shipowners, on favourable terms, over a period of two years, for the purpose of building in Great Britain vessels of the same class; and the investment of £2,000,000 in suitable vessels on the United Kingdom register which, though still capable of service, would otherwise be sold to foreign owners or for breaking up, the object being to maintain such ships in sound condition as a reserve of tonnage for an emergency.

AN IMPERIAL AUTHORITY REQUIRED

III. AN IMPERIAL AUTHORITY REQUIRED

THESE comprehensive and costly measures cannot do other than strengthen the resources of United Kingdom shipping concerns all over the world, and enhance their bargaining power in negotiations concerning freight rates or the apportionment of trade between themselves and their competitors. But there are two reasons why, in the Far East, they can only be a preliminary reinforcement; why, indeed, even if subsidies enabled a whole fleet of new British ships to be built to compete with the fast modern Japanese vessels which to-day attract the custom of shippers in the Orient and the Pacific area, British shipping might still be unable to regain the position that it ought to hold in the wider interests of the British Commonwealth of Nations. The first reason is the fact, already stressed, that Japan presents a united front—merchants, manufacturers, shipping lines, government—to the disarray of British interests. The second reason is that not only the United Kingdom, but also other nations of the British Commonwealth—Australia, New Zealand, Canada, South Africa, India and a number of colonial governments—are intimately concerned with the problem.

In his statement of March 28, the President of the Board of Trade undertook that the Government would continue to take all possible steps to promote the interests of British shipping in connection with trade negotiations with foreign Governments; and that, where a request was made for assistance and where other parts of the British Commonwealth were concerned, the Government would bear in mind the Imperial Conference recommendation that the various British Governments should then consult together. The Imperial Shipping Committee, after stressing the need for greater co-operation between the producers and shippers and the shipping companies, and among the different ship-owners themselves, and for a greater degree of local responsibility in the management of British shipping in

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the East, invited the "early and serious consideration by the Governments of the Empire" of a proposal to develop "some new form of organisation, appointed by the Governments concerned and specially charged to watch over British shipping in Middle and Far Eastern waters".

The proposal, though put forward by the Committee only for consideration and without recommendations on details, implies a far-reaching reform. At present there is no authority capable of formulating and carrying out a British Commonwealth shipping policy. The Imperial Shipping Committee is but an advisory body which undertakes specific investigations, without any executive power. The Imperial Conference considers shipping questions in general terms, but it meets infrequently and has no continuing authority, indeed no joint executive authority of its own even when it is assembled. The only sample of a permanent all-Commonwealth authority armed with administrative powers and the funds to carry them out is the Imperial War Graves Commission, whose record is one of unbroken success. Some such organ is urgently needed for shipping. A special case has been made out for action on these lines in respect of shipping in the Orient. Such an authority should be possessed of funds, subscribed in fair proportions by the participating governments, for the necessary subsidisation of shipping under any British flag, and should have authority to impose terms before the subsidies are granted or other aid given.

The latter condition is important because, unhappily, some of the British shipping lines have been far from doing everything possible for themselves in the way of economic management, modern methods, and service to passengers and shippers. Among travellers in the Far East, British lines are notorious for a lack of friendliness, evident will to please and attention to detail in service, which their competitors are able to show without sacrifice of anything but stiff-necked pride. If their commercial methods are equally unaccommodating it is no wonder

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that they have been losing ground. These and other defects must be remedied; for, if the British lines will not help themselves, no one else can help them. Yet that is no reason for failing to tackle at the same time the problem of Commonwealth co-operation, which is equally urgent.

The nations of the British Commonwealth that participate in the Eastern trades are jointly rather than severally concerned, first because their national prosperity is closely linked with the prosperity of the whole Commonwealth through strong ties of trade and finance, and still more, secondly, because the strength of the British mercantile marine (including vessels on the registers of all parts of the Commonwealth) is a vital defensive asset to a group of nations who live by the sea and will stand or fall by their power upon it. Their separateness of purpose in shipping matters is a danger to them all, because it undermines their ability to protect their rights and interests against more determined and more united competitors.

The Imperial Shipping Committee cite the history of the Java-Japan Conference as an example of successful defence against intense and concerted Japanese competition by firm, combined action by shipowners, merchants and government. It would be difficult—though it is highly necessary—to imitate this example in the trades in which British shipping has felt Japanese competition most keenly—difficult, because not one but several British Governments are concerned, and because there is often no sense of common interest between the exporters or importers and the shipowners. These obstacles must be overcome. That means a readjustment of ideas in many quarters, not least among the shipowners themselves.

India's co-operation is the most necessary, and the most difficult to secure, since she conceives of herself as the half-emancipated victim of a British shipping monopoly. If the full co-operation of the Government of India is to be secured for the defence of British Commonwealth shipping interests, and if Indian shippers and importers are

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to play their necessary rôles in that defence, then India must first feel assured that she stands on a footing of practical equality in shipping matters with other members of the Commonwealth, and that her own shipping will benefit as fully as the shipping of the United Kingdom and the Dominions from any effort in the face of Japanese and other foreign competition. This will presumably require the abrogation of the agreement between the British India company and the Scindia company, the premier Indian shipping line, whereby the latter undertakes not to interfere with the established oversea trades of the P. & O. and B.I. companies. But it requires still more a spirit of friendly and sympathetic co-operation between the British and Indian shipowners.

In Australia and New Zealand there is no such initial distrust to be overcome. What is needed there is a fuller appreciation of the meaning of shipping strength to the whole British Commonwealth, and of the short-sightedness of neglecting the shipping interests that serve them, simply because these interests are owned by United Kingdom capital. The Imperial Shipping Committee rightly describe a sense of partnership between the shipowners and the mercantile community as a condition of any effective competition with the Japanese in the Orient. The appointment of an all-Commonwealth body to mount guard over British shipping interests in the East would do much to focus popular attention on this matter as a problem of common concern to the British nations. But that should be only the start of a campaign of education, in the course of which many minor grievances of merchants against shipowners, or governments, would no doubt be brought to light and duly remedied; and British shipping lines themselves increase their efficiency, and improve their relations with passengers and shippers, modernising their outlook at the same time as they modernise their equipment.

AMERICA PREPARES

I. PUBLIC OPINION AND EUROPE

AN estimate of public opinion, such as this article presents, needs to be backed by some credentials. In recent months the writer has travelled over much of the East and Middle-West of the United States, after crossing the continent less than a year ago; while Washington, from which these pages are sent, is a cross-roads whither all regional viewpoints are conveyed by Congressmen and their constituents. Moreover, there has been developed in the United States during the last five years a remarkable instrument for measuring public opinion, the Gallup poll, which has been proved broadly accurate in several tests at the ballot boxes.

All these surveys show substantially the same things: that the American people want to stay out of war—that goes without saying—but that they also want to give all possible assistance to Great Britain and France, short of actually going to war. There is, moreover, a widespread belief that a new European war may be on its way, and a distinct fear that America will be drawn in eventually if war does come. Finally, there is an overwhelming support for the national defense program.

These boiled-down sentiments contain elements of paradox, of course. Some of the sentiments may cancel others. Thus, the fatalistic expectation that the United States would be involved in war if it breaks out makes vain the hope of remaining isolated. The desire to aid Great Britain and France cuts straight across the penchant for “neutrality” that exists simultaneously. Senator Borah, determined isolationist that he is, clarified the whole

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issue the other day when he said: "Haven't the people already made up their minds who is right and who is wrong? The thing that is uppermost in my mind is that there is no neutrality at this time because of conditions that exist in the world."

This American feeling has been steadily mounting, under the pressure of events. In the 'twenties, the prevailing viewpoint was isolationist. No more participation in foreign wars, said the man-in-the-street. As late as 1935 and 1937, neutrality legislation was zealously being written into the statute books. According to Dr. Gallup's polls, the American people clung to their isolationist straws all through the Ethiopian, Chinese, and Spanish crises. At the time of the conquest of Ethiopia, for instance, seven out of ten Americans said that they opposed the idea of joining with the League Powers in sanctions against Italy, even economic sanctions. Over the war in China, some two-thirds of the people—according to Dr. Gallup's weighted cross-section of the public—were opposed to sending war supplies to the Chinese or boycotting Japanese goods. "Hands-off" was the overwhelming attitude toward the Spanish civil war, and our embargo on arms shipments remained law until the end.

But Herr Hitler has changed the American public's mind. He has ended American reluctance to ship food and war materials to our former allies. Before Munich, a majority of Americans favored sending food supplies to the British and French in case of war but objected to sending war materials. After Munich, the majority for sending food supplies increased materially, and a majority swung over to the idea of shipping war materials as well. After the liquidation of Czechoslovakia in March, the vote was: favoring sending food supplies, 82 per cent.; favoring sending war materials, 57 per cent.

Let no one think that these ideas are limited to the Atlantic seaboard. The old notion that there was a

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fundamental difference between Eastern opinion and the Middle West has been strikingly disproved by the Gallup poll.

American concern for what is happening in Europe (writes Dr. Gallup) overspreads all sections of the country. In states like Minnesota, Wisconsin, Iowa, Kansas, Nebraska, Missouri and the Dakotas—strongholds of isolation sentiment in the past—an average of six persons in ten say that the United States should sell war materials to her former allies in case of war.

Uniform reactions in all parts of the United States were recorded after Hitler's moves against Austria and Czechoslovakia, and his repressive measures toward the Jews. Even if the Gallup poll were faulty at root—and most American political observers have been deeply impressed by its accuracy—the fact that it returns a uniform reaction is still significant.

An important majority—averaging 62 per cent.—in all parts of the country replied to questionnaires that they felt the totalitarian Powers would represent an immediate menace to the United States if they won. A Virginia schoolteacher said: "I'm in favor of sending food and war supplies to England and France. I don't see how the democracies could win without some help from us along that line—and if they lost it would only be a matter of time until we'd be hemmed in by the dictators ourselves." A Wisconsin salesman and war-veteran said: "I'd want to see the United States stay out, but I'd sure hate to see England and France go down. After all, they do stand for our way of life."

The people are more than six to one against sending American troops abroad. Here, perhaps, public opinion does not realize the consequences of its own un-neutrality, and gives way to wishful thinking. Thus, a New York state banker said: "We ought to help the democracies up to a certain point. But let's stay out of war. If Europe's foolish enough to start another one, it'll only leave America stronger in the end."

Moreover, the public is not convinced of the complete

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justness of the British and French case against Hitler. A sizeable minority think the allied Powers were unfair to Germany immediately after the war. The reasonableness of Hitler's claim for a route across the Polish Corridor and even for Danzig impresses American opinion, and toned down reaction against his Reichstag speech of April 28. A majority of Americans—according to Gallup-projected figures—would favor a new international peace conference if it would settle the claims of Germany and Italy in a manner that gave assurance of a just peace.

All these pollings and estimates mean that American public opinion in general supports President Roosevelt's positive foreign policy without necessarily being committed to details. Opinion, it may be hazarded, is about ready to go one step farther, and may have done so already. For, if the United States is so eager to keep out of war, why not keep out by assisting in every way to prevent the outbreak of war? That is the touchstone to support of the President's policies today. So long as the public is convinced that Mr. Roosevelt is sincerely and ably seeking to prevent the coming of war, it will support his policies. Such support was abundantly forthcoming when the President sent his message to Hitler; for the public felt that this was a peace gesture made upon a threat of imminent war. But for other actions, which seem more like moves in a game of power politics, there is far less public support. Indeed, there is a latent mistrust of Mr. Roosevelt's personal impetuosity and experimentalism when projected upon the international plane. If the idea once got planted, and was supported by events, that the President was playing politics with peace to support third-term ambitions, or that he was under the influence of "international bankers" (which is Henry Ford's personal euphemism for Jews), then public revulsion might go far and fast.

So far, however, the President has not got too far ahead of public opinion, and the dictators have been giving him

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the most powerful kind of assistance. When public opinion seems to lag, Berlin or Rome usually produces the shock that is necessary to spur it along. The increasing vigor of opinion is therefore almost entirely the result of events overseas. The President's "educational" campaign, without the help of events, might well have produced an opposite effect and made public opinion mistrust his motives.

The President's support is bi-partisan, and the polls record no substantial difference between Republicans and Democrats in their attitude on these issues. Isolationist leaders are to be found among the senatorial leadership of both parties. But the more vigorously Republican isolationists attack the President personally, the more likely are they to consolidate Democrats behind him. And, so far, isolationist attacks have shown a tendency to act like a boomerang. Thus, when Senator Taft, the other day, charged the President with trying to "ballyhoo" the foreign crisis in order to hide his domestic failures, he was severely rebuked by his own Republican newspapers.

The best definition, and the highest praise, for the President's current efforts came in a *Washington Post* editorial, which Mr. Roosevelt said was "very good, very clear, very honest". The editorial was written by Felix Morley, the *Post's* editor, a former Rhodes Scholar. He was interpreting the President's statement on ending a holiday in Georgia: "I'll be back in the fall, if we don't have a war"; and he emphasized "the tremendous implications of the impending catastrophe for every citizen of this country". Plainly referring to Senate isolationists, the article said:

In spite of the best-informed warnings to the contrary, many still believe that another world war might leave the United States relatively undisturbed. In spite of the virtual certainty of American involvement there are many who would seek to achieve isolation by panicky legislation, or to seek shelter behind other paper guarantees of immunity.

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Asking what Mr. Roosevelt meant by "we" when he said "if we don't have a war", the *Post* continued:

He undoubtedly meant western civilization. A war affecting its foundations would immediately affect us vitally, whether or not the United States was at the outset physically involved. . . .

Until it is started, another world war is not inevitable. It can still be averted if the free nations are willing to show that they will take a stand before it is too late. Pressure from the Rome-Berlin Axis will not ease until it reaches the point of serious resistance. Then only can a different and honestly conciliatory attitude be expected from the dictators. Nothing less than the show of preponderant force will stop them, for force is the only language which they understand. But, like less exalted bullies, force is to them a real deterrent.

In using the collective "we" the President told Hitler and Mussolini, far more impressively than he told Warm Springs, that the tremendous force of the United States must be a factor in their current thinking. He told the Axis powers that the Administration is far from indifferent to their plottings. He made it plain that a war forced by them would from the outset involve the destinies of a nation which, as they fully realize, is potentially far stronger than Germany and Italy united.

To make that plain at this crucial time is to help in preventing war. To make the dictatorships realize that there is a limit to unresisted aggression is in itself to set that limit. It is on that incontrovertible reasoning that the French have stiffened their policy. It is on that reasoning that the British are laying down a deadline. It is on that reasoning, through the application of which peace can be saved, that President Roosevelt properly links the United States with the eleventh-hour effort to avert a shattering disaster.

This was the definition of policy that President Roosevelt obviously could not utter himself, but upon which he did not fear to set his imprimatur. That indicates how far the United States has come in recent months. For Mr. Roosevelt is an acute politician, and he has experienced the hazards of getting too far in front of public opinion.

II. ARMS AND THE EAST

WHATEVER may be the minor or major divergences of American opinion over the President's broad policies, there is scarcely any disagreement at all over the

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armament program. And this factor, of course, may be decisive in the end. The present Congress will appropriate well over \$2,000 million for national defense. With its shipyards working at capacity, its factories producing modern military equipment at an accelerating tempo, and its aircraft industry soon to be placed on a semi-wartime footing, the United States is beyond any doubt far better prepared for conflict than at any previous moment in its peace-time history. These armed forces are of course an important element in the game of power politics. They are the United States' trump card. Their existence was what the President wished particularly to underline when he endorsed the *Post* editorial. The new navy is an important factor in the world balance of power, the potential development of land forces of the magnitude now planned makes possible their use in oversea conflicts, and the expansion of the American aircraft industry offers a vital source of supply for the European democracies.

On January 12, President Roosevelt delivered his national defense message. Within three months—and that is very short for American legislative action—Congress was more than halfway through completing authorizations and appropriations for the \$2,000 million annual building program. Two tremendous Bills have already been signed by the President: the \$358 million emergency army expansion authorization Bill, of which \$300 million is for a bigger American air force, and the \$513 million regular army appropriation Bill, which provides the funds necessary to carry the army through the first year of its expanded activities. The \$65 million naval base Bill has passed the House and at the moment of writing is on its way through the Senate. The regular naval appropriation Bill is on its way through the House, where the original estimates have been boosted to a current proposed total of \$759 million. A deficiency appropriation Bill including items not ready when the regular army budget was passed has now been brought forward, raising the

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totals by over \$116 million. A dozen other minor items of national defense are coming along. The navy has asked for two battleships of up to 45,000 tons. In all probability, within a short time the United States will have under construction eight capital ships of 35,000 tons or more.

Debate or public discussion of these gargantuan measures has been perfunctory. Isolationists have raised no outcry. The army expansion Bill passed the House by 367 to 15 votes, and 77 to 8 in the Senate. The naval base Bill went through the House by 368 to 4 votes. The House refusal to appropriate \$5 million for developing harbor facilities in Guam is likely to be reconsidered.

The navy now being built is considered sufficient to guarantee an area of predominance, within which American forces would be reasonably free to operate, extending from the Aleutian islands off Alaska to a point west of the Hawaiian islands, to Samoa, the Panama canal, the Caribbean, and up the north-east coast. Development of Guam would greatly extend the line in the Pacific, and further acquisition of bases in and adjacent to the Caribbean would put a salient on the American line in those waters.

The American fleet has recently been concentrated in the Pacific. Why? Perhaps the best answer was given indirectly in an article that Lord Lothian wrote in the *London Observer*. He said :

Great Britain in the past has seldom had more than one, or at most two, naval enemies to meet at the same time. But to-day, and so long as the anti-Comintern Powers exist as a military combination, she may have to face a naval war in the North Sea, in the Mediterranean and the Far East at the same time. That is to say, a two-armed man may have to fight a three-armed enemy—a most difficult and, in some circumstances, an impossible task.

Transfer of the American fleet to the Pacific, with much of it to be concentrated at Honolulu, means that the United States is freeing Great Britain from one of its three potential enemies. The American fleet is taking up the job in the Pacific. It is quite apparent that, even in the

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present evolving state of national opinion, the United States Government cannot give a hard-and-fast guarantee that its fleet will protect Malaya and Australasia. Public opinion will not support guarantees. But statesmen have to make their calculations on the basis of other factors. And in view of all the circumstances it is clear that the United States is taking a stand against Japan. Mere transfer of the fleet, the cables from Tokyo speedily indicated, prevented Japan from cementing its alliance with the Axis.

American naval authorities recognize the difficulties of operation in Far Eastern waters. But their fleet is tailored for long-range work. It is already based at Pearl Harbor, almost in mid-Pacific. If the Guam proposal goes through, it will present a far stronger threat. And there is Singapore to be remembered. Over a year ago an important American officer conferred with the Admiralty in London, and explored the possibilities of naval co-operation in the Far East. There is little doubt that part of the American fleet would move into Singapore in the event of a Far Eastern threat, and might even go there if Japan made any overt action against the Dutch or British possessions in Malaya. Indeed, some American officers believe that the fleet at Pearl Harbor would constitute a real deterrent to Japanese operations as far south as the Dutch East Indies.

A stronger British and French line in Europe will certainly stimulate a stronger American policy in the Far East. If the two hands are vigorous and firm in Europe, the one hand will doubtless be firm in Asia. Development of a more active American policy in Asia is fairly recent. Hitherto, interest has been concentrated on Europe. But it is beginning to be seen that if Great Britain's hands can be freed in Asia her European policies will grow more resolute. Hence the importance of sending the American fleet to the Pacific one day after the President's message to Hitler, shortly after the British guarantee to

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Poland, and shortly before the decision to apply conscription. The interaction of events was very clear. That is the way the United States can co-operate with the grand alliance led by Great Britain and France.

III. THE PRESIDENT'S HOLD

AND now what of internal affairs? The President's authority in Congress is no weaker than it was three months ago, and events have perhaps improved his position. The jockeying into position for the presidential nominations, still a year off, is vigorously proceeding, and produces much uncertainty. Before many recent quadrennial elections, the nominees of both parties were pretty clearly indicated at this stage in the cycle. To-day we are in the fog.

President Roosevelt maintains complete poise and equanimity. The graver world developments become, the more likely he is to be nominated and elected for a third term. Such a result is by no means a probability. Far from it. But it is significant that politicians constantly agree that the only circumstances under which the President could be nominated and re-elected would be a war or a crisis threatening war. Mr. Roosevelt may therefore be enjoying a little cosmic jest. The reason for his easy inaction may be that he expects to walk in at the last moment, when "Draft Roosevelt" has become inevitable. This is political speculation. It is still out of tune with actual events, which show a strong reaction in the Republican direction. Much of the President's domestic program is bogged down.

However, in certain fields which count very much, he is making real progress. The bare bones of a reorganization Bill went through Congress. Contrary to expectation, the President has been able to make a good deal of the skeleton. He is issuing three sets of plans, one for amalgamating many of the scattered bureaus and agencies that

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make up the octopus federal government, another for re-shuffling many functions between the established departments, and a third for bringing about order within single departments. For many decades, genuine reorganization of the federal government has been defeated by numerous selfish interests. We put up with disorder because it fitted in with the American principle of checks and balances. But now the President is going ahead with changes, long overdue, which will modernize the federal plant, will "keep the tools of American democracy up to date", as Mr. Roosevelt said in an eloquent message to Congress. He was seeking, he said, "to make democracy work—to strengthen the arms of democracy in peace or war and to ensure the solid blessings of free government to our people in increasing measure". Even in this message on domestic affairs, the President emphasized "or war," and he further said :

In these days of ruthless attempts to destroy democratic government, it is baldly asserted that democracies must always be weak in order to be democratic at all; and that, therefore, it will be easy to crush all free states out of existence. Confident in our Republic's 150 years of successful resistance to all subversive attempts upon it, whether from without or within, nevertheless we must be constantly alert to the importance of keeping the tools of American democracy up to date. It is our responsibility to make sure that the people's government is in condition to carry out the people's will, promptly, effectively, without waste or lost motion.

In achieving these practical and widely extended reforms, toward the end of his present term of office, the President is setting up a real monument to himself. Of no less significance is the final re-shaping of the Supreme Court. Four Roosevelt appointees now sit on the bench, joined by another—Mr. Justice Stone—who substantially agrees with the general viewpoint of the new legal liberalism. Therefore the basic objectives which the President sought in the Court fight of 1937 have now been attained. He has re-fashioned the tribunal for some years to come,

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perhaps for many years, and it is quite possible that he will have one or two other appointments to make. The Court is pointed toward a new interpretation of the basic law, a flexible view on the constitution, a lessening of legalistic interpretations of corporation rights, and a firm orientation upon the modernized Holmes doctrines. Historically, President Roosevelt's achievement with the Supreme Court may be one of his greatest domestic successes. His threat to "pack" the Court in 1937 plainly had a considerable, if indirect, effect on the result; for the voluntary retirements that caused three of the four vacancies took place in response to the wide public outcry, not in support of the President's specific method, but in favour of some sort of Court reform.

IV. THE VISIT OF THEIR MAJESTIES

AMERICANS look forward to the impending visit of Their Majesties King George and Queen Elizabeth with genuine and eager interest, and a gratifying degree of comprehension. That is to say, few people are making the blatant charge, which might once have been widespread, that the visit is for propagandist purposes. The American people are a little surer of themselves, perhaps, than when this charge would have been general. The visit has been handled very discreetly, with little fanfare, and few public appearances. It is indeed a difficult problem for those having it in charge, especially in connection with press coverage, but the plans for the tour minimize all such difficulties.

It is fairly safe to conclude that the trip will be carried off in the same spirit. President and Mrs. Roosevelt have a sure touch for these things, and it is certain that the engaging modesty of Their Majesties will remove the obvious difficulties of a visit to the United States. More seriously, Americans are likely to appreciate the compliment of the visit all the more for its brevity and absence of

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parading; and its symbolism at this moment in world history is likely to be all the more deeply felt for being less emphasized.

Designation of the Marquess of Lothian as new British Ambassador here evoked a warm response in the many circles where Lord Lothian is well known. Not for many years, it was universally commented, has there been the prospect of a British Ambassador here with such wide knowledge of the United States. Newspapermen, in particular, looked forward to the change because for some time past the British Embassy has maintained an aloofness which has discouraged contact, while Lord Lothian is already an old friend to many in the press corps here. On his many visits to Washington, Lord Lothian usually made it a point to visit Capitol Hill, and he has plenty of friends in the Senate, among them many isolationists. To some perceptive observers, Lord Lothian's coming is particularly significant because he understands so well the viewpoints of all the member nations of the British Commonwealth.

His continuing interest in Americans and their ideas (wrote the *New York Times*) has been vouchsafed by his work as secretary of the Rhodes Trust, which administers the Rhodes Scholarships, and as editor of *THE ROUND TABLE*, a periodical which has had as one of its purposes the fostering of a clearer understanding and a closer harmony of interest among the English-speaking peoples. He will now have an opportunity to pursue this aim on a much grander scale, at a time when there is no more important mission in the world than to place the relations of Great Britain and the United States on the basis of complete frankness and mutual confidence.

THE DEFENCE OF THE NETHERLANDS INDIES

By a Netherlands Correspondent

I. THE STRENGTH AND WEAKNESS OF JAPAN

POLITICAL developments in the Far East since the middle of the nineteenth century have not left the Netherlands colonial empire in east Asia undisturbed. But it is principally the world political contest of the last few years that has directed public attention to this rich archipelago and to the place that it occupies in the strategy of the Powers. This is not because armed conflicts are staged or threatened in the Far East itself, but because each fresh complication in foreign politics affects the course of events elsewhere, each move on the political chessboard being made in the light of this world-wide interdependence.

The outstanding factor in Far Eastern affairs has been Japan's rapid rise, in little more than half-a-century, to the position of an industrial and commercial maritime Power of the first rank, navally and militarily almost impregnable. Consequently, Japan's strategic position, with its closely interwoven geographical, political, economic and ideological strands, must form the background for any study of defence problems in that part of the world.

A glance at the map of the Pacific and its coasts * shows that the key to strategy in that wide stretch of water is the possibility of a naval concentration in its western part. Here Japan's position is nearly ideal. On one side, she looks out upon a vast ocean, a great part of which she can command with a powerful navy based on well equipped and

* See p. 533, above.

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fortified home ports; while for raids she has at her disposal the Kurile islands in the direction of the Aleutians, Pelew in the direction of New Guinea, and the Marshall group in the direction of Hawaii; and finally the Luchu islands, with Formosa and Hainan, pointing from the China seas to Hong Kong and Singapore. On the other side Japan faces only inland seas, behind which lie extensive territories—Korea, Manchukuo, North China—which are under her command or suzerainty and which constitute her economic province.

The British Empire, by contrast, with its interests spread throughout the world, divided by oceans, requiring everywhere the protection of the British navy, possesses in eastern Asia one strong naval base—Singapore—and one advanced point of support—Hong Kong. The latter is very vulnerable, leaning as it does against mainland territory occupied by Japan, and with Hainan, also in Japanese occupation, threatening the flank of its communications with Singapore. On the other side of the Pacific, the United States, 5,000 miles distant, has at present only one well equipped and fortified advanced base, Hawaii (Pearl Harbour), which is no nearer than 3,400 miles from Yokohama. Part of the American fleet, moreover, will always have to remain in the Atlantic. The third interested great Power is France, as the imperial guardian of Indo-China. She has bases at Saigon, Kamranh bay and the Gulf of Tonking, the last of which, however, is liable to be cut off by Hainan. France has a strong navy, but it is almost entirely confined to the Mediterranean and west European seas. Farther away are Australia and New Zealand, with comparatively feeble naval forces and mainly dependent for protection on the British navy.

In Japan's strategic position there are a few weak points. In the first place, she lacks raw materials and needs oversea outlets for her industries; to this point further reference will be made later. Then there is the Russian Asiatic mainland, with Vladivostock as its port, from which the

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Japanese islands can be threatened by air raids, and the Japanese mastery of the sea by submarines. In the future, a third potential menace might arise from the north-east, in the shape of a Russo-American combination, with the Aleutian islands and Petropavlovsk in Kamchatka as starting points. But the favourable factors outweigh the unfavourable. No political combination is conceivable that could compel the Japanese fleet so to spread itself that its hegemony of the western Pacific would be lost from the start. Japan has a maritime strategic position that makes invasion by armies impossible. An overseas expedition of the necessary size would require an absolute command of the sea, as well as points of support near the Japanese Empire, neither of which conditions can be fulfilled.

Japan's unique position is the decisive element in the strategy of any conflict that may take place in the Pacific. This conflict, if it comes, will be a naval one, a struggle for mastery of the seas, and for the destruction, on the one side, and on the other the protection, of Japan's vital overseas communications. Only economic exhaustion of the island Empire could lead to her defeat. That this method would certainly be effective in the long run is the conclusion to be drawn from Japan's dependence on her import and export trade for her enormous requirements of raw materials and for the sale abroad of the products of her industries.

It is not necessary to enlarge on this problem to realise that, if Japan's communications with countries other than Manchukuo and China were cut, once existing stocks were exhausted there would be a scarcity of mineral oils (fuel oil), bauxite, rubber, tin, nickel, cotton, wool and possibly iron ores—not to mention the stoppage of the export trade, which has always been regarded as a vital factor in Japan's existence. A successful attack on Japan's communications with her own overseas territories and with the Asiatic mainland, moreover, would make impossible the supply of coal, ores and oils from China and Manchukuo.

Even an economic bloc consisting of Japan, Manchukuo

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and China would be dependent, under present circumstances, on imports of mineral oils, bauxite, rubber, nickel, cotton and wool, of which the Netherlands Indies are among the principal suppliers, as well as the United States, Australia, British India and South Africa. In this connection, too, there are many shipping lines to and from Japan which call at the East Indian islands or pass close to them.

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THE Netherlands Indies archipelago forms, so to speak, a bridge between India, Malaya and Indo-China on the one hand and Australia on the other. Two of the three sides of a naval triangle, the corners of which are situated at the naval bases of Singapore, Hong Kong and Port Darwin, pass through the Netherlands Indian seas and territories. These islands produce raw materials of vital strategic importance, such as oil, tin, rubber and bauxite. They are the link between two large oceans crowded with merchant vessels. Here many of the shipping routes converge in narrow channels between the islands.

Apart from the Panama and Suez canals, there are few spots so sensitively situated as the Netherlands Indies. At that point, in any Pacific conflict, would be staged the struggle to protect or block the trade routes, to attack the enemy economically, to destroy his arteries, to prevent him from undertaking military expeditions. The Malay archipelago may become the theatre of a war for raw materials.

The traditional policy of the Netherlands Government is one of independence. The Netherlands takes care not to be mixed up in quarrels between other nations. It does not desire alliances, but wishes to be and to remain itself, and to have normal relations with all countries. This policy requires the maintenance of strict and unshakable neutrality. If war should take place, the rules of neutrality would then be interpreted and applied impartially in every direction. Strength is necessary in order to prevent that

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neutrality from being infringed by others and to counteract any such infringement.

There is nothing in which the people of the Netherlands are so united as in this conception of neutrality. The League of Nations, respected as its ideal of collective security may have been, did not succeed in undermining the Netherlands policy of independence. In 1935, it is true, during the Italo-Abyssinian war, the Netherlands, faithful to the Covenant of the League, joined with many other countries in economic sanctions against Italy. But as recently as 1927, when the League was still in the full bloom of its short-lived career, the Netherlands Government drew up rules for defence in the Indies which were based on the principle of maintenance of neutrality. It was realised that in this extensive island empire small auxiliary ships for patrol and similar services were not sufficient, and that a more powerful force was necessary for preventive and repressive purposes. The main object was to be and to remain neutral. If the Netherlands were involved in a war, the oversea territories were to be defended "with the means available for the maintenance of neutrality".

Other factors justified this somewhat negative policy in 1927. The political atmosphere was calm. There were no threats of war in Europe and no direct danger in the East. Germany was still a country vanquished after an exhausting war; Italy did not yet play a preponderant rôle in the Mediterranean; in Japan, internal political conditions favoured peaceful economic expansion, combined with a moderate foreign policy towards China. The Washington naval treaty had limited Japan's strength on the high seas. Though she had become the mandatory Power for the ex-German South Sea islands, and had thereby stretched out her tentacles to the south, she was prevented by the terms of the mandate from fortifying these islands and turning them into naval bases; and the Washington treaty added a like prohibition regarding her other island possessions in the Pacific. This treaty also led to a declaration

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by Great Britain, the United States, Japan and France that they would "respect the rights of the Netherlands in relation to her insular possessions in the region of the Pacific Ocean". Singapore was being developed into a first-class naval base; the political situation still allowed Great Britain to concentrate her fleet in east Asiatic waters if need be. The Preparatory Commission for the Disarmament Conference was sitting, and although it did not give much promise of success there was nevertheless a general tendency, which had originated at Washington, to reduce naval armaments.

In the then existing circumstances, a small but efficient Netherlands navy, holding to some extent the balance between belligerents, would have been a factor of some importance. It would have constituted a desirable ally, or would have served to prevent violations of neutrality. The Netherlands therefore built a fleet of small vessels, of which the submarine as a torpedo arm was the core, and which was completed by the addition of some light cruisers, destroyers and seaplanes. To the Netherlands Indian army, numbering two divisions in Java, was entrusted the maintenance of neutrality and defence against invasion. The most important points in the outer possessions, such as the oil ports of Balikpapan and Tarakan on the east coast of Borneo, were fortified and garrisoned. Otherwise, the task of the army was to preserve internal order.

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A COMMITTEE appointed by the Government in 1912 had reached the conclusion that the defence of the Indies required a strong battle fleet, consisting of five dreadnoughts, six scouts and eight destroyers, as well as submarines, torpedo boats and minelayers. At that time, political conditions in Europe were gradually becoming more critical, and a conflict seemed to approach that would confine the British and French navies to European waters,

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with all the consequences which this would entail in the Far East. The committee's report was not acted upon because soon afterwards the world war broke out and the Netherlands succeeded in remaining neutral. The strain placed on the navy in the Indies from 1914 to 1918, in spite of the fact that the actual theatre of war was so far away, exposed its numerical weakness; nevertheless, the programme recommended by the committee remained unexecuted.

In 1930, the strength of the navy in the archipelago was definitely fixed on the basis of the 1927 programme referred to above. It was to consist of 3 light cruisers, 2 flotilla leaders, 12 destroyers, 16 submarines and an air force of 60 seaplanes. Small craft for local defence, such as gunboats and minelayers, would complete the fleet, a part of which would form an unmanned reserve. In 1933, when economic conditions became unfavourable, another government committee was appointed with instructions to report how 30 million florins could be economised on the defence budget for the Netherlands and the Indies.

Gradually, however, the inadequacy of the 1930 programme became obvious, and it was realised that the relative strength of the Netherlands navy declined as the political outlook grew more menacing and rearmament in other countries became the order of the day. Germany threw off the shackles of Versailles. Italy demanded territorial expansion as well as the command of the Mediterranean, and conquered Abyssinia in spite of sanctions and a British naval concentration. In Japan, the imperialist idea made headway, and the influence of the army greatly increased, leading to the conquest of Manchuria, to penetration in North China, and eventually to the present war with China. Ideological factors, ranging "the totalitarian States against the democracies", and the emergence of a Japanese Monroe doctrine for the Far East, where a "new order" was to be created under the exclusive authority of Japan, began to cause irritation and

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uneasiness in Holland. The League of Nations weakened, and of collective security practically nothing remained.

Since 1937, following Japan's denunciation of the Washington naval treaty, there have been practically no treaty restrictions on naval building, and the liberty to construct naval bases in any part of the Pacific zone has been restored. The United States, furthermore, has decided on withdrawal from the Philippine islands; after the expiry of the 10-years transition period laid down in the Tydings-McDuffie Independence Act, the Philippines are to become a completely independent Commonwealth. After the formal declaration of independence, however, negotiations will take place for the retention of an American naval base in the islands. The desire of the Philippines to be independent has probably been moderated, since the Act was passed, by the symptoms of Japanese imperialism and by recognition of the economic troubles that will result from the loss of a protected market in America. Moreover, the tendency to extend the chain of American naval bases in a westerly direction from Samoa *via* Midway island to the Aleutian islands (Dutch Harbour), with Guam as an advanced post, does not point to withdrawal. Nevertheless it would be dangerous to rely on rapid and decisive action by the United States in the western Pacific.

The general political situation, and the feverish rearmament that is taking place in almost every country of the world, have profoundly altered the trend of public opinion in Holland. The Netherlands people are now keenly in favour of strengthening defence at home and overseas by all possible means as quickly as possible. However, it takes time to make the defence forces equal to the heavy task that they will have to fulfil in the Mother Country and abroad. Armament manufacturers and shipbuilders are overloaded with orders, prices are high and deliveries slow. Even the modest naval programme of 1930 is in arrears, though the leeway is being made up. Coast defence at

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home, and the protection of merchant vessels, are problems still to be dealt with.

The Netherlands Indian army has been strengthened with modern equipment and with an efficient air force, consisting principally of bombers. But the vital and vulnerable naval position of the archipelago continues to call for anxious attention. The present strength and composition of the navy, based on the 1930 programme, do not give security. The fact that the British and French fleets, at least at the outset of a world war, must remain concentrated in European waters; uncertainty about the future of the Philippine islands, and an equal uncertainty about American naval action in the south-western Pacific; Japan's southward penetration, which already approaches the Equator, now that Hainan and the Spratley group have been occupied; the fortifying of the Japanese mandated islands: all these factors combine to intensify the uneasiness felt by people in Holland, who realise that an attack on their tropical Empire must now be considered a possibility.

In an archipelago as extensive as the whole of Europe, land forces alone cannot assure security. A fleet strong enough to contest unaided the command of the local seas is indispensable. In a naval war, the aggressor will have to reckon with the great Powers, even though these may be unable to have the main body of their ships on the spot in the early phases of the war. In order to be on the safe side, he will therefore have to employ a much greater force of ships than the force opposed to him, greater in numbers and in types. But the ships thus indicated as necessary are precisely those which he will be most anxious to keep intact, in order to meet the menace which sooner or later he is sure to have to face from another and more powerful quarter. A Netherlands battle-fleet, even of moderate size, would therefore have a great preventive value.

Hence the demand which is making itself heard in the

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press and Parliament of Holland for the addition of battle-cruisers to the ships in commission and on the stocks. The following are already in course of construction : two 8,300-ton cruisers, one light cruiser of 3,300 tons, four destroyers, and nine submarines, as well as a number of small craft. If two or three battle-cruisers of between 20,000 and 30,000 tons are added, the entire strategic aspect in the Far East will change. In view of the well-known character of Netherlands policy, this naval effort will not only benefit the Netherlands but will equally serve the interest of all peaceable countries.

CANADA AND THE WAR DANGER

I. PARTY LEADERS AND THE CRISIS

THE ominous aggravation of the international tension has impelled the political leaders and the people of Canada to give careful consideration to the possibility of their country's becoming involved in another general war.

Under the present régime at Ottawa, there has been a persistent disposition to treat foreign affairs as secret mysteries, the conduct of which must be reserved for the Minister of External Affairs, who in Canada has always been the Prime Minister, and his officials. Not only is the public rarely given information through official communiqués, but Parliament also has been sedulously discouraged from inquiring into the general foreign policy of the Government and its actions in this field. Undoubtedly the motive for this secretive attitude can be found in the justifiable conviction of Ministers that, on account of the sectional cleavages of the country, commitment to any definite line of foreign policy could not fail to breed bitter domestic controversy and impair Canada's national unity, whose maintenance they have always held to be a paramount consideration.

Consequently, from the date of the September crisis until the meeting of Parliament on January 12, the Canadian public received only the scantiest enlightenment from its Government about the international situation. Both the Prime Minister, Mr. Mackenzie King, and the Conservative leader, Dr. Manion, gave their warm commendation to the settlement achieved at Munich, and bestowed high praise upon Mr. Chamberlain for the part that he had

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played in it, but thereafter they both relapsed into almost complete silence on the subject of foreign affairs. Nor was much enlightenment forthcoming from the debate on the Address. Dr. Manion made no serious reference to the international situation, and Mr. Mackenzie King contented himself with some brief *dicta* on the subject. A passage in one of his speeches, however, attracted widespread attention. After declaring that before Canada entered into any war Parliament would be consulted, Mr. King proceeded to cite with approval certain quotations from a speech delivered by the late Sir Wilfrid Laurier during the debate on the Naval Service Act in 1910. The most important of these quotations ran as follows :

If England (said Sir Wilfrid) is at war, we are at war and liable to attack. I do not say that we will always be attacked; neither do I say that we should take part in all the wars of England. That is a matter that must be guided by circumstances upon which the Canadian Parliament will have to pronounce, and will have to decide in its own best judgment.

And to this pronouncement of his predecessor Mr. Mackenzie King gave his clear endorsement in these words :

It was a statement of the Liberal policy which was accepted then, a statement of the Liberal policy as it has been followed ever since. I wish to give it as a statement of the Liberal policy as it is to-day and as it will continue to be under the present Liberal Administration.

Now the question of Canada's freedom of decision in the event of the outbreak of another general war had for some years past been a subject of acute controversy among constitutional pundits; and here, apparently, was the Prime Minister interpolating in his speech a deliberate statement of policy ranging his Government on the side of that school of thought which held that Canada had no alternative but to accept the status of belligerency as soon as Great Britain herself assumed it.

Such a pronouncement, however, was exceedingly unpalatable to the isolationists in the Liberal party, who contended that, if the Statute of Westminster had any

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validity, Canada was entitled to avoid the status of belligerency until she acquired it by her own free decision. One of their leaders, therefore, Mr. J. T. Thorson, K.C., a former Rhodes scholar who holds a Manitoba seat, challenged the doctrine endorsed by his leader by introducing as a private member's measure a short Bill, inviting Parliament to affirm that Canada should not assume the status of a belligerent except through a declaration of war by His Majesty with special reference to Canada and on the advice of his Canadian Ministers. Its submission was followed by the publication of a long manifesto advocating the immediate enactment of the Bill in order to clear up a situation of uncertainty and to give Canada unquestioned control of her international policy. The manifesto was signed by an impressive list of members of the Canadian "intelligentsia", including eminent lawyers, professors, leaders in business, heads of agrarian associations and clergymen. But the Bill itself did not come up for discussion until the completion of the destruction of Czechoslovakia as a separate State had produced a fresh crisis of the utmost gravity in Europe.

This startling event, and the speech delivered on March 17 by Mr. Chamberlain in Birmingham, in which he called for the support of all democratic peoples to checkmate further aggression, evoked a demand from the *Toronto Globe and Mail*, the *Ottawa Citizen*, and other newspapers for a declaration of the Government's attitude towards the new situation. As public opinion had obviously become restless, Mr. Mackenzie King responded with a brief statement to the House of Commons on March 20. His position was difficult, since he had to admit the collapse of the policy of appeasement, to which he had given his blessing; he deplored, he said, the wanton and forcible annihilation of Czechoslovakia and the evidence that it provided of Herr Hitler's complete untrustworthiness. He declared that he was ready to accept Mr. Chamberlain's proposal that the democratic countries should consult

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together concerning the measures to be adopted to cope with the new situation, but he was careful to emphasise that before any undertakings could be expected from Canada the issues must be clarified, in order that the Canadian Government, Parliament and people might judge them on their merits.

If (he said) there was a prospect of an aggressor launching an attack upon Britain with bombers raining death upon London, I have no doubt what the decision of the Canadian Parliament would be. We would regard it as an act of aggression, menacing freedom in all parts of the Commonwealth. If it were a case on the other hand of a dispute over trade or prestige in some far-off corner of the world, that would raise quite different considerations.

Then, aware of the restlessness in the ranks of his own party and the volume of public sentiment behind Mr. Thorson's Bill, he qualified his earlier subscription to the Laurier doctrine that "if Great Britain is at war, Canada is at war". He explained that Canada would never be automatically plunged into war without the consent of her Parliament, nor could her co-operation be taken for granted.

The form of such co-operation (he said) and the contingency in which it may arise are questions which the Government will examine in consultation with other Governments. It will report its findings to Parliament, which has the sole and responsible authority to speak for Canada on such grave issues. I still believe in Parliament as the most important of our national institutions, and in the supremacy of Parliament, especially when the issue is one of peace or war.

Dr. Manion, the Conservative leader, had issued a statement of his views on the previous day, pledging the co-operation of the Conservative party in any measures that the Government might deem it necessary to take in collaboration with other countries for the frustration of further aggression. The speech with which he followed the Prime Minister in the Commons was largely an elaboration of views already made public. His condemnation of German policy was much more vigorous than Mr. Mackenzie King's: after expressing the view that Herr Hitler was "mad with the lust of conquest and aiming at world

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domination ", he declared that the time had now come for all Canadians to sink their political differences in a common national front. They should proclaim to the world their desire for a solid alliance of all the democratic countries to halt the international criminality of the fascist Powers. He vigorously maintained that a repetition of the last bloody war, of whose horrors he had had personal experience, could now be avoided only by a resolute effort on the part of all democratic, civilised and Christian peoples to build up without delay a genuine system of collective security, which would compel Herr Hitler "to stop, look, and listen ". But, with a weather eye on Quebec, he stopped short of advocating any specific pledge of support to the United Kingdom Government, and thereby disappointed the imperialist elements in his party, who had hoped for a definite declaration in favour of the solidarity of the whole Commonwealth behind a common programme.

It was left to Mr. Woodsworth, the leader of the C.C.F.* party, to argue that the democratic nations had landed themselves in their present plight because they had declined to take seriously the principles underlying the structure of the League of Nations or to live up to their obligations under its Covenant. He went on to suggest some practical measures for the embarrassment of the dictatorships. He urged that the Canadian Government should immediately prohibit the export of any war materials to Germany, impose a surtax upon imports from all aggressor countries, and assume a decent share of responsibility for the hordes of unfortunate refugees, of whom only meagre contingents were being reluctantly admitted to Canada.

II. REACTIONS IN QUEBEC AND ONTARIO

THE pronouncements of the party leaders produced a flood of comment in the press. The Prime Minister received unexpected commendation from the Montreal

* Co-operative Commonwealth Federation.

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Gazette, which declared that he had defined Canada's position in a manner calculated to please patriotic Canadians, but another Conservative newspaper, the *Ottawa Journal*, sarcastically asserted that the same sort of pronouncement as Mr. King and Dr. Manion had made might have come from the leaders of some non-British democracy like Sweden. They had offered, declared the *Journal*, no evidence of a realisation of Canada's responsibilities as a partner in the British Commonwealth. The *Toronto Globe and Mail* (independent Liberal), while it found in Mr. Mackenzie King's speech some encouraging acknowledgment of Canada's obligations, regretted that he had not promised in decisive language the wholehearted co-operation that Mr. Chamberlain obviously desired from all the nations of the Commonwealth. The *Winnipeg Free Press* (independent Liberal) took the view that the speech represented an effort by the Prime Minister "to get back to the pre-January position--the supremacy of Parliament"; it noted particularly the absence of any restatement of the Laurier thesis that the connection with Great Britain brought Canada automatically into any British war. In the French-Canadian press the comments were severely critical, and they reflected an uneasiness that soon found overt expression in Quebec.

The St. Jean Baptiste Society, which is the great social organisation of the French-Canadian people, lost no time in inviting eight other French-Canadian organisations, including the Canadian Federation of Catholic Workers and the Catholic Farmers' Union of Quebec, to send delegates to a meeting in Montreal; this gathering unanimously adopted a resolution expressing disapproval of the utterances of both Mr. Mackenzie King and Dr. Manion, and warning the Government that French-Canada was unalterably opposed to the country's participation in foreign wars. Then, both in Montreal and in Quebec city, bands of young French-Canadians, mostly university students, staged demonstrations of protest, shouting "No foreign

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wars ” and “ Down with conscription ”. At Montreal they proceeded to the City Hall and extracted from Mr. Camillien Houde, the arch-demagogue of Quebec, who is now serving his fourth term as mayor of Montreal, a promise that he would lead any anti-conscription movement which they organised. At Quebec they swarmed into the galleries and floor of the chamber of the provincial legislature and clamoured for the immediate passage of a resolution, introduced by Mr. René Chaloult, a Nationalist member, against Canada's commitment to another overseas war. Mr. Duplessis, the provincial Premier, told them that although his views on this issue were well known he would not be stampeded into premature action by such a disorderly agitation. It should be added that these demonstrators were quite irresponsible, bearing the authority of no French-Canadian organisation. Those who invaded the Quebec Chamber represented themselves as members of the French Canada Catholic Youth Congress, but they have been publicly repudiated by the real leaders of the Catholic Young Men's League. Meanwhile, at Ottawa, French-Canadian members were freely expressing in the lobbies their anxiety about the Ministry's tendencies, and one of them submitted a formal written question about the Government's response to the resolution of the French-Canadian societies.

In Ontario, on the other hand, where imperialist sentiment has a firm root in the traditions of the United Empire Loyalists, the original settlers of the province, there was a very different reaction. In the Ontario legislature a resolution moved by Colonel Fraser Hunter, a Liberal member, who is a retired officer of the Indian army, calling for immediate action on the part of the member nations of the British Commonwealth in support of any measures that the United Kingdom Government might decide to take, and for the conscription of man-power and property in Ontario in defence of free institutions, was taken over and amended by the Premier himself, Mr. Mitchell Hepburn.

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In its amended form it pledged the co-operation of the Government and people of Ontario with the United Kingdom, and urged the federal Government to bring in legislation enabling the man-power and material resources of Canada to be immediately mobilised in the event of a war emergency. In moving it, Mr. Hepburn, who nowadays loses no opportunity of embarrassing his former Liberal friends at Ottawa, struck a strong imperialist note. He declared that, if Canada as a whole must indulge in reservations, there were no such inhibitions to prevent Ontario from voicing her ardent loyalty to Great Britain. He was supported by Colonel Drew, the provincial leader of the Conservative party, who advocated an embargo upon exports of war materials to Germany; and, to the general surprise, Mr. Belanger, a prominent French-Canadian Liberal member, gave his cordial benediction to the resolution, which was carried without a single hostile vote.

III. SECOND THOUGHTS AT OTTAWA

FACED by this revelation of sharply conflicting views in Quebec and Ontario, the two largest provinces, Mr. Mackenzie King felt it advisable to make a further effort to placate his two sets of critics. On March 30, when the estimates of the Department of External Affairs came up for discussion, he devoted two hours to a careful review of the international situation and an elaborate exposition of his Government's attitude. His speech initiated the longest debate on foreign affairs that the Canadian Parliament has ever experienced; for it lasted almost four full days, and 33 members, including all the prominent leaders, took part in it. It failed, nevertheless, to shed much light upon the intentions of the Government, and Mr. Woodsworth voiced a general perplexity when he declared that after listening to Mr. Mackenzie King's long speech he still did not know what the Government would do in the event of an outbreak of war.

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The Prime Minister's review of foreign policy revealed him as still convinced that Mr. Chamberlain had made "an emphatically right choice" in striving to prevent the outbreak of war last September, and as declining to believe in the inevitability of another general war. But he felt that he could not deny its possibility, and he therefore outlined the course of action that his Ministry would follow, in these words :

If Canada is faced by the necessity of making a decision on the most serious and momentous issue that can face a nation, whether or not to take part in war, the principle of responsible government, which has been our guide and our goal for a century, demands that this decision be made by the Parliament of Canada. Equally the system of government we have inherited from Britain . . . makes it the duty of the Government to propose to Parliament the course which in regard to particular issues it considers should be adopted and to stand or fall by the decision.

In order to meet the criticism that such a policy was not sufficiently definite and absolute, he quoted with approval Mr. Chamberlain's pronouncement, made on March 17, against "any new and unspecified commitments operating under conditions which cannot now be foreseen", declaring that no more than Mr. Chamberlain was he prepared to pledge Canada to this type of commitment.

Mr. Mackenzie King then analysed the various factors of interest, sentiment and opinion setting the limits within which any feasible policy, calculated to preserve national unity, must be framed. Among these he cited the growth of nationalist feeling, Canada's position as a North American nation and her close relations with the United States (which had been crystallised by President Roosevelt's notable speech at Kingston last August), her increased interest in the affairs of Europe, and her deep concern for the strength and welfare of Great Britain.

Any realistic survey (he said) of the Canadian scene will make it clear that these varying factors play their part in the shaping of opinion and policy in Canada.

No one can be taken as the sole directing force. They do not necessarily conflict; they may increasingly work together.

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That depends on the special circumstances and policies of countries other than ours. That is why it is impossible in the case of our country as of others to give what some people seem to desire—a hard and fast statement in advance as to the action which will be taken in hypothetical future cases that may arise in this rapidly shifting world.

Mr. Mackenzie King also proceeded to execute a further retreat from the Laurier doctrine about Canadian belligerency, by explaining that when it was promulgated Canada had been in a state of political subordination to Great Britain, and had had no alternative to concurrence in the decisions of the British Government about the issues of peace and war; but, with the ending of that subordination by constitutional developments culminating in the Statute of Westminster, Canada had secured for all practical purposes freedom to determine her own course about those issues. He admitted that certain legal limitations upon that freedom of action might seem to survive, but he held that their importance was exaggerated. He pronounced against the passage of legislation like the Thorson Bill on the grounds that it could be enacted only at the cost of passionate controversy, and that, if passed, it might convey to foreign countries the unwarranted and unfortunate impression that Canada had definitely decided to remain neutral in any and every conflict.

The most emphatic declaration in his speech was a pledge that his Government would never countenance military conscription, although under war conditions it would organise a planned national effort and control profits. The Prime Minister also reiterated doubts that he had previously expressed whether any of the British Dominions would ever send another expeditionary force to Europe. He also occupied considerable time in refuting charges that at the time of the September crisis Canada had shown, as compared with other Dominions, a deplorable apathy in regard to her responsibilities as a partner in the Commonwealth. The closing part of his speech was devoted to a survey of the clash of conflicting forces in the

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world, and a plea that the rivalry between the democratic and totalitarian nations should be diverted into channels more useful to humanity than war.

Dr. Manion was so fully in agreement with many of Mr. King's statements that he might have been a partner in a parliamentary duet. He was convinced of the merits of Mr. Chamberlain's policies, he was opposed to conscription and dubious about the need of expeditionary forces, and he was clear that the issue of participation in war must be left to Parliament. But he was most emphatic that neutrality was unthinkable for Canada, and he outlined some of the intolerable situations that would arise from its adoption, rendering it as repugnant to a large proportion of the Canadian people as conscription would be to another element. In regard to the part that Canada should play in another war, he felt that there should be a compromise between the views of those who wanted Canada to back Great Britain to the last man and the last dollar and those who favoured an attitude of passive detachment. He suggested that Canada could render invaluable help to Great Britain by encouraging the enlistment of volunteer units, providing abundant supplies of munitions and food, and protecting her own territory. His own party did not all show unqualified approval of Dr. Manion's speech, and some other Conservative speakers, less concerned to placate Quebec, scorned any reservations about Canadian support for Great Britain.

The most courageous speech of the debate came from Mr. Lapointe, the Minister of Justice, who addressed some plain words to his compatriots at the risk of incurring deep unpopularity in his own province. He was adamant against military conscription, but he was even more emphatic than Dr. Manion about the impossibility of neutrality.

Realities (he said) have to be faced. The ostrich policy of refusing to face dangers will not keep them away. Indeed a deliberate policy of drift may involve a greater risk. The folly

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of mistaking shams for realities has been written large in the tragic history of many unfortunate countries. Canada is part of the world and unfortunately this planet cannot be considered to-day an earthly paradise inhabited by benevolent and rational beings of an altruistic turn of mind. . . .

The real issue in Canada is security, even world security; because we cannot expect to be an oasis surrounded by troubles and disasters which we alone could escape. Who could predict how a victorious totalitarian Power would deal with Canada? . . . If Canada were neutral, if Canada were independent, it would need security, it would need greater means of defence, and that is what some people seem to forget.

But their leader's brave plea to face realities made little impression upon the French-Canadian Liberal members, five of whom rose in turn to declare their resolute opposition to Canada's participation in any wars except for the defence of her own territory. They rang the changes upon all the arguments for complete isolationism, and their attitude can be gleaned from the closing observations of Mr. Maxime Raymond, K.C. :

Every Canadian citizen has the military obligation of defending the soil of his motherland, and those of the province of Quebec have never shirked that duty, but no one is entitled to ask them to go and shed their blood in Europe or in Africa or in Asia for the greater glory or power of any other country, even if that country should be Britain or France. . . . And if ever a majority of the people of this country should desire to compel an important minority to take up arms in defence of a foreign land, whichever it may be, that would be the end of Confederation.

Nor was Mr. Thorson himself convinced of the undesirability of his Bill, for he made a long speech in favour of its passage, but when at a later date he moved its second reading it was talked out by an irate Conservative. Most Liberal speakers, however, followed the lead given by the Prime Minister.

Mr. Woodsworth, for the C.C.F., denounced once more the recent policies of the United Kingdom Government as a series of blunders, if not worse, and asked why, when their prime author, Mr. Chamberlain, was still at the helm, Canada should be dragged into a war that would be their direct fruit. Admitting, however, that Canada's culpable

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failure to take seriously her own responsibilities about the League debarred her from any right to sit back in smug complacency, he urged that she make a belated requital for her past sins by imposing an immediate embargo upon all exports of raw materials to Germany and Japan. In regard to Canadian participation in war, his view was that Canada would be involved in technical belligerency by a British declaration of war, and that her right of decision would be limited to her degree of participation. He was convinced that war would again bring conscription in its train. He and other C.C.F. speakers advocated the re-establishment of a system of collective security, accompanied by drastic measures for the elimination of what they believed to be the causes of war. The Social Crediters taking part in the debate voiced similar sentiments to those of the C.C.F. party, and were opposed to conscription.

Its frequent long adjournments have deprived the Senate of much opportunity for discussing the international situation. In its opening debate, however, Senator Meighen made a passionate plea to the Government to abandon its attitude of chill particularism in face of a common peril, and to take steps for the co-ordination of its defence measures in a general programme for the whole British Commonwealth.

The net result of the parliamentary debates has been to make it reasonably plain that Mr. Mackenzie King's Government do not contemplate neutrality and definitely plain that they will not resort to conscription. There are indications that they would like to follow a plan of limited liability in regard to a European war, but they have now no assurance that even for such a policy they could command the support of the main body of their French-Canadian followers. A withdrawal of this group's allegiance, which might well entail some resignations from the Cabinet, would deprive the Ministry of a working majority in the Commons, and Conservative co-operation would have to be enlisted in the formation of a coalition Government.

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Meanwhile the Ministry has been endeavouring to speed up its rearmament programme. There is considerable anxiety, however, in the public mind about the administrative methods being pursued, and disturbing revelations about certain transactions have forced the Ministry to submit a contract for Bren machine guns to a judicial inquiry, and to accept a general inquisition by the public accounts committee of the House of Commons into all armament contracts recently placed.

During all this period feeling in the country (outside Quebec) has been hardening. Last September, under the immediate threat of war, there was abundant evidence of a widespread response to the call to defend the Empire and the broader call to defend our whole way of living. Subsequently there was much uneasiness in certain quarters about the policy of Mr. Chamberlain's Government. Events themselves, however, have conspired to make most even of these critics feel, like the Opposition in England, that if war comes in the present circumstances it will be a war, not of support for imperial power policy, but of defence against aggression which leaves no one in the whole world safe. How long this unity of opinion will last it is idle to predict. If the outcome of the present crisis is a general move towards collective security, this will do much to reassure those elements in the population which fear being drawn into a power-politics war. If, on the other hand, the present attitude of the United Kingdom Government should prove temporary and tentative, the result will surely be to restore the former divisions in Canadian public opinion on world affairs.

IRELAND'S VITAL PROBLEMS

I. FOREIGN POLICY AND DEFENCE

DURING recent months the nebulous policy of the Irish Government in matters of foreign affairs and defence has been a cause of serious concern to many Irishmen. In a statement to the press on February 20, Mr. De Valera said that the aim of his Government was to keep the nation out of war and to preserve our neutrality. The only way to secure that aim was to be in the best position possible to defend ourselves, so that no one could hope to attack us or violate our territory with impunity. We knew, of course, that Great Britain, in her own interests, must help us to repel an attack, if it came, from any other Power. The Irish Government, he added, had not entered into any commitments with Great Britain, and was free to follow any course that Irish interests might dictate.

This statement conveniently ignores the fact that we are not living in a vacuum. In the modern world no State, certainly no small State, is really independent in its external relations. Just as the Scandinavian countries must inevitably share the same broad policy and fate, and just as Belgium and Switzerland, under present conditions, must stand or fall with France, so our freedom and prosperity, whether we like it or not, must depend in the last analysis upon the strength and policy of Great Britain. We are, in fact, like most other small nations, a satellite Power; and ideological, geographical and economic reasons alike dictate our alliance with Great Britain in the event of war. It is absurd to pretend otherwise; for at the present moment the only thing that stands between us and foreign domination of a peculiarly

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unpleasant kind is the power of the British navy. Although our Government know this quite well, they choose, either through fear or through incapacity, to pursue an ostrich-like policy of pretending that we are able to defend ourselves. It is to be hoped that they will not soon suffer a rude awakening.

Unfortunately the great mass of the people have little knowledge of, or interest in, foreign affairs. Apart from an historic friendship for the United States of America, a vague dread of communism, a suspicion of England and a strong loyalty to the Holy See, they have no definite views on foreign policy. Their general attitude was recently well illustrated when the first Labour Lord Mayor of Cork, Councillor James Hickey, T.D., an intelligent and upright man, refused to take part in a civic welcome to the officers and cadets of a German training-ship because of the insult offered to the Catholic world by the German newspapers in referring to the late Pope Pius XI as "a political adventurer". He emphasised that his protest was directed against the official German point of view, and not against the masses of the German people. Whatever may be thought of the Lord Mayor's action from the standpoint of international etiquette, there can be no doubt whatever that it reflects the general opinion, not only of his fellow citizens, but indeed of the great majority of his fellow countrymen. The training-ship, however, was officially welcomed by the Irish Government. It is understood that the German diplomatic representatives were much incensed by the Lord Mayor's action. On February 12, the Government made a somewhat tardy concession to popular opinion by recognising General Franco's Government in Spain a few days before Great Britain did so. Another example of Ireland's attachment to the Holy See was afforded by Mr. De Valera's attendance in Rome at the coronation of the new Pope. His late Majesty Edward VII was scarcely speaking in metaphor when he complained that His Holiness was the real King of Ireland.

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A more important reaction to the general European tension has been the increase in the estimates for defence. It is unfortunately clear that, as Dr. O'Higgins pointed out in the Dail on February 8, this country last September was practically devoid of plan, policy or means of defence, and that ammunition and anti-aircraft guns were almost entirely lacking. In order to remedy this state of affairs, provision is now being made for the expenditure of £5,500,000 on capital equipment and stores. Of this sum a million pounds are to be spent on aeroplanes and another million on anti-aircraft guns and ammunition. Military aerodromes and an ammunition factory are to be built. The army is also to be increased in number, from 21,000 to 30,000, of whom more than half will be part-time volunteers. It is to include a coast patrol and a mine-sweeping service, which will probably be used for the defence of the fortified ports and the Shannon airport. The new Irish soldier will apparently be "soldier and sailor too". Unfortunately there seems to be small inclination amongst educated Irishmen to choose our army as a career. The cadet corps is at present much under strength, and young men with a military vocation seem more inclined to seek service in the British forces. Having regard to the expenditure on armaments of other small European countries, one can hardly consider our new commitments excessive. Provision is also being made for reserves of food and other essential commodities.

Speaking during the debate on the estimates, Mr. Frank Aiken, the Minister for Defence, said that our first problem was the maintenance of neutrality, and the second to defend ourselves if we were attacked by some Power that wanted to use this country as a base against England. Mr. McGilligan, on behalf of the Opposition, ridiculed the idea that we could remain neutral in the next war, and pointed out that our fortified ports could be of use only to a naval Power. Mr. De Valera's speech during the debate added little to the statement already quoted.

PARTITION

He admitted that it would be difficult to remain neutral and that it was essential for us to continue our trade with Great Britain in cattle and other agricultural products. Replying to a question by Mr. McGilligan, he said that if we were attacked our forces would combine with British forces for the defence of Ireland. And in that somewhat unsatisfactory position the problem of Irish defence policy must await the event.

II. PARTITION

DURING his speech in the debate on defence, Mr. De Valera pointed out that the existence of the Northern border made it difficult to plan the defence of the country as a whole. Partition, he said, was a stimulant to those who still believed that England's difficulty was Ireland's opportunity. His Government wanted to end the quarrel with England, and as a free people they would wish in their own interests to see Great Britain powerful and strong.

The whole question of partition has recently been the subject of an illuminating debate in the Senate on a motion by Senator Frank MacDermot that the policy of the Government ought to take more serious account of the sentiments and interests of the majority of the people in Northern Ireland. His thesis was that the border was the external symptom of an internal disease, which was curable only by ourselves after proper diagnosis and treatment. He claimed that the campaign conducted by the Government and its supporters against partition during the last few months was doing, and was likely to do, more harm than good. His motion was put down, he said, before the outrages which had taken place in England, but these events only gave it additional force. Acts of violence were the logical consequence of attributing to England the entire blame for continuing partition, and of the inflammatory speeches that had lately been delivered. It

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had been said that Northern Ireland was the " pampered pet " of the British, but he thought the description could better be applied to the rest of Ireland. There was no other country in the Commonwealth that had enjoyed all its advantages and yet had refused to shoulder its obligations as Ireland had. He said he was an optimist about reunion, provided they realised that the issue depended on themselves, and not on the British Government. He urged the Government to make some definite statement on its attitude towards such fundamental matters as access to British markets, citizenship of the Commonwealth, allegiance to the King, the question of language and of flags and anthems, so that the people of the North would know where they stood in the event of union. Posterity would not easily forgive us if at this crisis in our history we sacrificed substance to shadow through pettiness and obstinacy.

Mr. De Valera's long and rather rambling speech at the close of the debate added little to his many previous statements on this subject. The British Government, he insisted, was responsible for the existing situation, and, whilst he admitted that it could not be cured by force, yet he confessed that he would, if he had the power, take over by force those districts in Northern Ireland where Nationalists were in a majority. To placate the North he would give up neither the policy of reviving the Irish language nor what he called " the internal republic ", but he would be prepared to continue external association with the Commonwealth so long as the Irish people desired to do so. Apparently he is still blind to the fact that, unless we arrive at a *modus vivendi* on such questions as Senator MacDermot mentioned, the majority in Northern Ireland will never willingly associate themselves politically with the rest of Ireland. He did, however, admit—and it is now the essence of the matter—that if an agreed solution was reached between North and South there would be no objection from the British Government.

PARTITION

The reactions of Ulster to this discussion were true to type. Whilst Senator MacDermot's speech was welcomed as a clear and realistic presentation of the difficulties to be surmounted, Mr. De Valera's reply only provoked the Northern politicians to further uncompromising statements of their position. At a meeting of the Ulster Unionist Council in Belfast on March 3, a letter was read from Sir Samuel Hoare, the British Home Secretary, who was unable to attend, stating that the position of the British Government remained unchanged, and that no body of organised opinion in England would countenance the coercion of Ulster into an all-Ireland union. Lord Londonderry, who took Sir Samuel's place, declared that Northern Ireland did not desire Dominion status. Its people were resolute in their loyalty to the Throne and desired the closest possible association with Great Britain. They would, he said, have no part or lot in any policy which disregarded the Crown. Mr. De Valera's offer, he said, was "of a very poor quality", and could not be entertained in any circumstances whatsoever. Much as one may deplore Richard's speeches of this kind, it would be idle to deny that they reflect the Northern point of view and are the natural answer to the extremists on this side of the border.

But there is another most serious and relevant consideration which was well put by Mr. James Dillon, T.D., the deputy leader of the United Ireland party, speaking at Armagh on March 19, when he pointed out that the leaders of the majority in Northern Ireland could render no greater service to the Commonwealth to-day than to announce their readiness, in face of danger, to enter into negotiations with the Irish Government in order to re-establish a united Ireland. This could then play its part in uniting the democracies of the world for peace, and, by their unity and resolution, preventing the totalitarian States from embarking on the desperate adventure of war.

Speaking at Ennis on April 16, Mr. De Valera, after

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referring to the Irish Government's desire to keep neutral in the event of war, asked if it was too much to hope that, in this time of anxiety and impending danger, our fellow countrymen in the North East, who differed from us in the past, would join with us for the defence of those rights which we held in common. Our whole history was proof, he said, that if they came in with us there would be no discrimination of any kind against them. From a united Ireland Great Britain would have nothing to fear. Lord Craigavon's comment on this declaration was that it was most cowardly, and that Northern Ireland could have nothing to do with people who chose to remain neutral. The King's name has recently been omitted from our passports, and Mr. De Valera has pointed out that His Majesty is merely a "statutory officer" so far as we are concerned. No doubt this is to be taken as another proof of our anxiety for Irish unity.

On April 27 Mr. De Valera, who had planned to start the following day on an official visit to America, informed the Dail that "grave events which had occurred the previous day" had caused him to change his plans and to remain in Ireland. It was clear that he had in mind the British Government's decision to introduce conscription, in so far as this might affect Northern Ireland. The vehement opposition of the Nationalist population there was at once declared, and on May 1 Cardinal MacRory and the Catholic Bishops of that area issued a statement denouncing the application of conscription to Northern Ireland as disastrous and an aggression against our national rights. The following day Mr. De Valera announced in the Dail that his Government had protested to the British Government in the strongest terms against such a course, which he, too, characterised as an act of aggression. The threat contained in the British Military Service Bill, under which conscription might be extended to Northern Ireland by order in council, was intolerable. The entire Dail supported his protest, which undoubtedly voiced Irish opinion at

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home and abroad. There was therefore considerable relief and satisfaction in Ireland when Mr. Chamberlain announced in the House of Commons on May 4 that the Bill would not be extended to Northern Ireland. It is unfortunate that this was not made clear in the first instance. Lord Craigavon, who crossed to London on May 2 to see Mr. Chamberlain at the latter's request, after affirming Ulster's desire for conscription, said that he left the decision in the hands of the Imperial Government, and asked to be informed in what way Ulster could best serve the mother country. The only real way in which she could do so, namely, by attempting to secure Irish unity within the Commonwealth, does not seem to have occurred to him. But if he is wise he will see the writing on the wall, for to-morrow such an accommodation may be impossible.

III. THE CHALLENGE OF THE I.R.A.

THE campaign of explosive outrage that began in Great Britain during January has since then continued sporadically.* It soon became clear that it was being carried on by the small band of Irish extremists who call themselves the Irish Republican Army. It would appear from published documents that on December 8 last the surviving members of the Second Dail, who claim to be the Government of the Irish Republic, handed over their powers to the Council of the I.R.A. On January 15 the latter body issued a proclamation calling upon England to withdraw her armed forces and officials from every part of Ireland, as an essential preliminary to arrangements for peace and friendship between the two countries. It also referred to the efforts they were about to make to compel that evacuation. This document, which was signed by certain well-known members of the I.R.A., and was posted publicly throughout Ireland, was apparently also sent to the British Government.

* See THE ROUND TABLE, No. 114, March 1939, p. 368.

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Most of those tried on charges arising from the outrages refused to plead on the familiar ground that, being soldiers of the I.R.A., they could not recognise the jurisdiction of the court. In a message from the Council of the I.R.A., which was read at public meetings in Ireland during the celebrations in memory of the Easter Rising of 1916, reference was made to the activities of the "expeditionary forces in Britain", which it was stated had been attended by "a degree of success". The mentality of its authors is illuminated by the statement that recognition of the separate nationality of Scotland and Wales had been granted and activities were accordingly being confined to England. It was added that no operations were contemplated in Ireland.

This campaign in England was nevertheless a direct challenge to the authority of the Irish Government, a challenge that could not be ignored. At first they preserved silence, but on February 7 Mr. De Valera announced that they were going to carry out their obligations. They were, he said, the rightful, lawful Government, and no other group or body had the right to talk for the Irish people. They would do their duty at any cost to themselves.

Mr. De Valera had apparently believed that, because under the new constitution anyone is free to agitate for a republic, the extreme element would cease their subversive activities. Acting on this optimistic belief, he did not re-enact the provisions of article 2A of the old constitution, which enabled political offences to be brought before military tribunals and gave wide powers of arrest and detention in such cases. As might have been expected, the removal of these drastic provisions only led to an immediate revival of I.R.A. activities. Article 38 of the new constitution, however, provides that special courts may be established by law for the trial of offences in cases where the ordinary courts are deemed inadequate to secure the effective administration of justice and the preservation of order.

THE CHALLENGE OF THE I.R.A.

On February 8 Mr. Rutledge, the Minister for Justice, introduced two Bills to deal with the situation. The first provides for the punishment of treason by death and also deals with the punishment of ancillary offences, while the second deals with specific offences against the state such as the usurpation of government functions, obstructing the government, illegal drilling, the formation of secret societies, administering unlawful oaths and publishing seditious matter. The latter Bill provides that when the Government is satisfied that the ordinary courts cannot deal with these offences, which is unfortunately the normal position, they may by proclamation set up special courts to do so, and may also intern and interrogate persons who are suspected of political offences. As a safeguard the Bill provides that such a proclamation may at any time be annulled by a resolution of the Dail, whereupon this emergency provision will cease to operate. Mr. Rutledge, when introducing this measure, did not refer directly to the outrages in England, but read the I.R.A. proclamation already referred to, which showed, he said, that there existed in the country an armed organisation claiming the right to speak and act in the name of the Irish people. He referred also to the blowing up of the customs huts on the Northern border last November with explosives sent from Irish territory.

Mr. Cosgrave's party, United Ireland, while adopting a critical attitude towards the terms of this legislation, did not oppose it in principle. The Labour party, on the other hand, voted against both Bills, and their leader, Mr. Norton, made one of the most effective speeches during the debate. He referred, rather unkindly, to similar republican proclamations issued by the present Minister for Justice when he was acting in armed opposition to Mr. Cosgrave's Government, and he quoted with evident delight the speeches of Mr. De Valera and other members of the present Government denouncing similar legislation when it was introduced, under far more urgent conditions,

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by Mr. Cosgrave in 1931. He also read statements by Mr. De Valera to the effect that under his Government such coercive measures would not be necessary. For the rest Mr. Norton's speech was a bid for the extreme republican vote. He suggested that, as the ordinary law was sufficient to deal with the outrages in England, it ought to be sufficient here. This is of course absurd, because intimidation of judges and juries is fortunately not possible in England.

Mr. De Valera, during the debate, admitted with evident sorrow that his theories concerning the effect of the new constitution had proved fallacious, and that the Government could not be responsible for the government of the country unless they obtained the powers sought. It remains to be seen whether they will have the necessary courage to use the powers they obtain. If they do, it is almost certain that the campaign of outrage will not be confined to England. Already Miss Mary MacSwiney, that redoubtable diehard, has publicly charged Mr. De Valera with national apostasy and treason, and has stated that if he stains his hands with the blood of republicans he and everyone who supports him will be guilty of murder. The implication of this challenge is obvious. Will Mr. De Valera deal firmly with the extremists, or will he evade the issue? Upon the answer to that question must depend the ultimate fate of his Government.

IV. ECONOMIC PORTENTS

RECENT ministerial speeches suggest that the Government are engaged in trying to change their economic front. The manœuvre is not an easy one to execute. As a result of their policy during recent years, the value of industrial output has risen in almost exactly the same measure as the value of agricultural output has declined. Since there is practically no export trade in anything but agricultural produce, the establishment of industrial

ECONOMIC PORTENTS

undertakings can only result in the transfer of labour from agriculture to industry without any increase in the net output of national wealth. While the Government have been seeking to build up little industries which can never hope to do an export trade, the Danes, with the aid of their better standards and methods, have captured the huge British market for butter, bacon and eggs.

In addressing the opening meeting of the Agricultural Commission, Dr. Ryan, the Minister for Agriculture, said that in enquiring into the position of agriculture there would not be a great deal to be gained by post-mortems. What mattered now was the measures that might be taken for the future improvement of the agricultural industry. It was essential, he said, that this country's produce should achieve a reputation of the highest possible quality, and they must avoid a policy that might be akin to placing agriculture permanently on the dole. While one can understand the Minister's objection to enquiring too closely into the reasons for the moribund condition of Irish agriculture, one is certainly startled by his repudiation of the Government's former policy, which made Irish agriculture almost entirely dependent on subsidies, bounties and guarantees, and which affected to ignore the British market. On April 20 the County Dublin farmers called a one-day strike and procession to draw attention to their plight.

The recent report of the Prices Commission on the prices charged here for bacon illustrates only too well the result of eliminating external competition by means of tariffs and quotas. The Commission found that the excess profits of the bacon-curers in the four years 1934-37 amounted to £308,000, and that, through the elimination of all competition, the prices charged to the home consumer are inordinately high. Never was there a more striking illustration of the way in which protection may prove a boomerang.

The detailed analysis of the 1936 census, which was recently published, also proves that the drift from country

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to town, and the emigration of our young people, continue in spite of political emancipation. The most striking figure, however, is the marriage rate of those who remain behind. Between the ages of twenty-five and twenty-nine, 82 per cent. of our male population remain single. This is by far the highest percentage in Europe, and but for the high degree of fertility among those who do marry the total decline of population would be serious indeed. The marriage problem is of course more fundamental than that of emigration. It arises largely from the fact that under peasant proprietorship the eldest son gets the farm, generally late in life, and the younger sons remain celibate or leave the land.

Mr. Lemass, the Minister for Industry and Commerce, has recently confessed that we can no longer blame external misgovernment for these evils, but must now accept responsibility for them ourselves. He also admits that, while agricultural prices have increased by only 14 per cent. since 1914, the cost of other goods and services has risen by 75 per cent., and that the national need demands a conscious sacrifice by all sections of the community for the benefit of the farmers. Other projects, he says, must stand over until this is done. In other words, agricultural prices must be raised or other prices lowered. This is the dilemma from which the Government finds it impossible to escape. The forced development of industry is also giving trouble in other directions. For instance, the projected oil refinery in Dublin has had to be abandoned after considerable expenditure owing to the opposition of the petrol combines. On the other hand, there is a welcome increase in both our exports to Great Britain and our imports from her. We are one of the three countries that increased their exports during 1938.

Speaking at the opening meeting of the Commission that has been set up by the Government to report on the practicability of developing vocational organisation here, Mr. De Valera pointed out that vocational organisation,

WILLIAM BUTLER YEATS

enabling people engaged in the same calling to come together to promote their interests, was consistent with any type of political structure. Such an organisation would relieve the state of attending to details and save us from bureaucracy. The real difficulty that confronts the Commission is to find a happy mean between a spontaneous and a state-controlled organisation of our vocational life. What is wanted is an organisation of our rural society which will recognise its patriarchal nature, with roots in the family and the parish. Outside the Church no such organisation yet exists.

V. WILLIAM BUTLER YEATS

NO chronicle of recent Irish events would be complete that did not mention the death of William Butler Yeats, which took place at Mentone on January 28. Poet, philosopher, dramatist, he gave to Ireland not only a national theatre but almost a new literature. Of Irish Protestant stock, heir to the great tradition of Anglo-Irish literature, and proud of his descent and his inheritance, he yet interpreted the life of Catholic rural Ireland and the old Gaelic legends to the world. Himself no politician, he wrote one play whose exalted symbolism has been an oriflamme to Irish nationalism. Yet he had no sympathy with the dangerous and dishonest mentality that seeks to distinguish between a "Gael" and an Irishman. His poetry, which developed from the romantic tradition through quietness and simplicity to an astringent austerity, displayed to the end the same singleness of purpose and the undimmed vitality of youth. Not only Ireland but all Europe must mourn the loss of such a spirit in these days of darkness, doubt and danger, when, in his own words,

*"The best lack all conviction, while the worst
Are full of passionate intensity."*

MR. GANDHI'S FAST

I. PRE-FEDERATION FERMENT

EFFORTS to bring about federation in India have been temporarily overshadowed by developments in the relations between British India and the Indian states,* although indeed the inevitability of federation is largely responsible for the conflict. In the Congress party itself, the present pre-federation ferment in political thinking has a pro-federation incentive—this in face of the fact that the Congress still bitterly condemns the particular form of federation envisaged in the 1935 Act. Like the British authorities the Congress is anxious to maintain and consolidate the existing unity of the country; its main anxiety at the moment, however, is to enhance Congress power in the expected federation. The princes and the Moslems, on the other hand, hesitate to accept federation, being apprehensive of their future status under a system that may give the Congress a deciding voice. The Moslems in particular are showing bitter hostility both to the Congress and to federation. Instead of encouraging all-India unity, they are preaching a policy of separatism for Moslem areas which, if achieved, would segregate the Moslems into a series of Ulsters throughout the country.

The conflict between the Congress and the states reached its climax over the affairs of Rajkot, a small western state. The ruler, known as the Thakore Saheb, gave an undertaking to Mr. Vallabhai Patel, the Gujerati Congress leader, to appoint a committee of ten to formulate a scheme of reforms in his state, and to accept the recommendations of Mr. Patel regarding seven of its members. The

* See article above on "The Future of the Indian States", p. 504.

THE VICEROY'S INTERVENTION

discussions that led to this arrangement were carried out amid considerable agitation in the state. Mr. Patel had indicated, moreover, that the outcome of the campaign for responsible government in Rajkot would be a measure of success for the campaign in the states generally. When the time came for the Thakore Saheb to accept the names recommended by Mr. Patel, he found himself unable to agree to several. Mahatma Gandhi, who had closely associated himself with the Rajkot "struggle", thereupon declared that the Thakore Saheb had committed a "breach of faith". He further alleged that the British Resident in Rajkot had been responsible for destroying the arrangement made between the Thakore Saheb and Mr. Patel. This was firmly denied by the Political Department of the Government of India. The official statement explained that in rejecting certain of Mr. Patel's nominees the Thakore Saheb acted on his own initiative under the terms of the agreement. This view was contested by Mr. Gandhi, who proceeded to Rajkot, and entered upon a fast as a protest against the Thakore Saheb's alleged breach of faith. The situation was now described in the nationalist press as a first-class issue between the Congress and the Paramount Power, although in its early stages it had been regarded by the Paramount Power as a minor issue between the Congress and the Thakore Saheb, who had voluntarily entered into negotiations with Mr. Patel.

II. THE VICEROY'S INTERVENTION

MR. GANDHI'S fast released a flood of criticism of conditions in Rajkot, and it was urged on all hands that the Viceroy should intervene to end the dispute. While some sections of the press deplored the fast on the ground that it savoured of coercion, the general Indian opinion was that the Thakore Saheb had forfeited all claims to sympathy. Several Congress Ministries indicated that they would find it increasingly difficult to remain in office

MR. GANDHI'S FAST

if the fast in Rajkot continued. The Viceroy, touring in the Rajputana states, hurried back to Delhi and placed himself in touch with Mr. Gandhi. Exchanges between Delhi and Rajkot ultimately narrowed the issue to certain fundamental points, which the Viceroy suggested should be referred to the Chief Justice of India, Sir Maurice Gwyer, for his interpretation of the documents. Mr. Gandhi agreed, called off his fast, and prepared to visit the Viceroy at the latter's invitation. Several interviews took place between the two men, and it was generally understood in India that wider problems, including federation, were considered as well as those of Rajkot itself.

The feeling of relief that swept the country after Mr. Gandhi had ended his fast was followed by glowing tributes to the Viceroy, for which no parallel can be found in India since the Irwin-Gandhi agreement of 1931. While the princes and the Moslems watched these developments with increasing anxiety, it became clear that the Viceroy's intervention had the fullest endorsement in Hindu circles in the Congress. Whereas the Western mind tends to resent an attitude that accepts fasting as a legitimate political weapon, Hindu opinion interpreted the fast as a moral protest against a breach of faith, and in this respect the Hindu response was spontaneous and sincere. Congress supporters felt certain from the first that the Chief Justice would give an award in favour of Mr. Patel's contention, as in fact he did. Sir Maurice held that the Thakore Sahib had undertaken to appoint the persons whom Mr. Patel recommended and had not reserved to himself the right to reject those whom he did not approve. Mr. Gandhi, regarding himself as vindicated, called off civil disobedience, not only in Rajkot but also elsewhere. The controversy, however, served to increase both the bitterness of the Moslems towards the growing prestige of the Congress, and the apprehensions of the princes regarding their future in the Indian political scheme.

CONGRESS DISSENSIONS

III. CONGRESS DISSENSIONS

THE Rajkot dispute had another secondary effect. It relegated to the background a controversy that had arisen within the Congress party over the annual presidential election. In the past, Congress delegates have unanimously elected a president previously nominated by the party leaders, but this year Mr. Subas Chandra Bose, the retiring president, insisted on contesting the election against the party nominee, Dr. Pattabhai Sitaramayya. Mr. Bose refused to withdraw, even at the request of Mr. Gandhi. The election became a direct clash between the Left wing, represented by Mr. Bose, and the Right. It was preceded by statements and counter-statements which disclosed party differences never before made public. Mr. Bose contended that his opponent had been selected because he would be more pliable in compromising over federation. The presidency, he maintained, should reflect a definite political policy, which the president should be enjoined to carry out. Those sponsoring Dr. Sitaramayya, on the other hand, held that the office was merely a nominal position, from which the broad nationalist policy was directed. In a poll of nearly 3,000 votes, Mr. Bose won by a majority of over 200. The result was regarded as defeat for the upper hierarchy of the party; Mr. Gandhi frankly admitted that it was a defeat for himself.

The vote raised new and awkward problems for the Congress leaders. The majority of the existing Working Committee resigned, as being unable to collaborate with a president whose election they had opposed. In any event the old committee realised that if Mr. Bose carried out his theory of the presidential office he would replace the Right-wing elements which had controlled the organisation for years by a Working Committee reflecting more extreme views. On the surface, the resignations left Mr. Bose free to select such a committee, but in fact he was deprived of all the party's experienced leaders. Without Mr. Gandhi's

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blessing, his presidential election was only a sham success. The decision of Pandit Jawaharlal Nehru to accompany his fellow committee-men into retirement bewildered those Left-wing elements who had thought that in electing Mr. Bose they were about to bring Congress policy more into line with the Pandit's ideas. A split in the party on ideological lines would have been the logical sequence to Mr. Bose's election, but strenuous efforts were made to keep the organisation intact, particularly with the aim of retaining Mr. Gandhi's indirect leadership.

Mr. Bose, a sick man, proceeded to the annual convention at Tripura, conscious of the fact that, although he had split the organisation from top to bottom, he had not gained his way, since he had lost Mr. Gandhi's influence. Although the latter had informed Mr. Bose that he was free to select a homogeneous Working Committee reflecting opinions of the kind he himself held, it quickly became clear at Tripura that the majority of the delegates were unwilling to sacrifice Mr. Gandhi's unofficial leadership. A resolution brought forward by Pandit Govind Ballabh Pant, Premier of the United Provinces, showed that the old leaders were not ready to be superseded without a challenge. The resolution expressed the confidence of the party in the leadership of the Working Committee during the previous year, and requested the president to nominate his new Working Committee in accordance with the wishes of Mr. Gandhi. A division was not challenged. The convention thus completely vindicated the leadership and policy of Mr. Gandhi, to the confusion of the new president.*

India,

April 1939.

* Mr. Bose has since resigned, and Mr. Rajendra Prasad, a member of the Right wing, has been elected president in his stead.—EDITOR.

BRITISH FOREIGN POLICY

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1. *Statement in the House of Lords by Viscount Halifax, Secretary of State for Foreign Affairs, March 20, 1939.*

The Munich Settlement . . . was accepted by His Majesty's Government for two purposes, quite distinct. The first purpose was to effect a settlement, as fair as might be in all the extremely difficult circumstances of that time, of a problem which was a real one, and of which the treatment was an urgent necessity if the peace of Europe was to be preserved. . . . I have no doubt whatever that His Majesty's Government were right, in the light of all the information available to them, to take the course they did. The second purpose of Munich was to build a Europe more secure, upon the basis of freely accepted consultation as the means by which all future differences might be adjusted; and that long-term purpose, my Lords, has been, as we have come to observe, disastrously belied by events. . . .

In his actions until after Munich a case could be made that Herr Hitler had been true to his own principles, the union of Germans in, and the exclusion of non-Germans from, the Reich. Those principles he has now overthrown, and in including 8 million Czechs under German rule he has surely been untrue to his own philosophy. The world will not forget that in September last Herr Hitler appealed to the principle of self-determination in the interests of 2 million Sudeten Germans. That principle is one on which the British Empire itself has been erected, and one to which, accordingly, as your Lordships will recollect, we felt obliged to give weight in considering Herr Hitler's claim. That principle has now been rudely contradicted by a sequence of acts which denies the very right on which the German attitude of six months ago was based, and, whatever may have been the truth about the treatment of 250,000 Germans, it is impossible for me to believe that it could only be remedied by the subjugation of 8 million Czechs. . . .

Broadly speaking, there have been, at all events since the war, two conflicting theses as to the best method of avoiding conflicts and creating security for the nations of the world. The first thesis is . . . the thesis expressed in the Covenant of the League of Nations. . . . The second, which has been in conflict, has been upheld by those who considered that systems seeking to provide collective security, as it has been termed, involved dangerously indefinite commitments quite disproportionate to the real security that these commitments gave. . . .

I have no doubt that in considering these two theses the judgment of many has been influenced by the estimate that they place, rightly

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or wrongly, upon the probability of direct attack. If it were possible, in their judgment, to rate that probability low, then that low probability of direct attack had to be weighed against what might seem to them the greater risk of States' being involved in conflicts that were not necessarily arising out of their own concerns. But if and when it becomes plain to States that there is no apparent guarantee against successive attacks directed in turn on all who might seem to stand in the way of ambitious schemes of domination, then at once the scale tips the other way, and in all quarters there is likely immediately to be found a very much greater readiness to consider whether the acceptance of wider mutual obligations, in the cause of mutual support, is not dictated, if for no other reason than the necessity of self-defence. His Majesty's Government have not failed to draw the moral from these events, and have lost no time in placing themselves in close and practical consultation, not only with the Dominions, but with other Governments concerned upon the issues that have suddenly been made so plain.

2. *Statement in the House of Commons by Mr. Neville Chamberlain, Prime Minister, March 31, 1939.*

Certain consultations are now proceeding with other Governments. In order to make perfectly clear the position of His Majesty's Government in the meantime, before those consultations are concluded, I now have to inform the House that during that period, in the event of any action which clearly threatened Polish independence and which the Polish Government accordingly considered it vital to resist with their national forces, His Majesty's Government would feel themselves bound at once to lend the Polish Government all support in their power. They have given the Polish Government an assurance to this effect. I may add that the French Government have authorised me to make it plain that they stand in the same position in this matter as do His Majesty's Government.

3. *Statement in the House of Commons by the Prime Minister, April 3, 1939.*

The commitments of this country, whether actual or potential, were stated some time ago by my Right Hon. friend the member for Warwick and Leamington (Mr. Eden) in a passage which is famous because it so clearly and carefully expressed the facts.* . . . If at that time it had been suggested that we should add to those commitments something affecting a country in the eastern part of Europe, it would, no doubt, have obtained some limited amount of support, but it certainly would not have commanded the approval of the great majority of the country. Indeed, to have departed from our traditional ideas in this respect so far as I did on behalf of His Majesty's Government on Friday constitutes a portent in British policy so momentous that I think it is safe to say it will have a chapter to itself when the history books come to be written. . . .

Of course, a declaration of that importance is not concerned with

* See THE ROUND TABLE, No. 108, September 1937, p. 724.

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some minor little frontier incident; it is concerned with the big things that may lie behind even a frontier incident. If the independence of the State of Poland should be threatened—and if it were threatened I have no doubt that the Polish people would resist any attempt on it—then the declaration which I made means that France and ourselves would immediately come to her assistance. . . .

It is not so long ago that I declared my view that this country ought not to be asked to enter into indefinite, unspecified commitments operating under conditions which could not be foreseen. I still hold that view; but here what we are doing is to enter into a specific engagement directed to a certain eventuality, namely, if such an attempt should be made to dominate the world by force. . . . If that policy were the policy of the German Government it is quite clear that Poland would not be the only country which would be endangered.

4. *Statement in the House of Commons by the Prime Minister, April 6, 1939.*

The conversations with M. Beck have covered a wide field and shown that the two Governments are in complete agreement upon certain general principles.

It was agreed that the two countries were prepared to enter into an agreement of a permanent and reciprocal character to replace the present temporary and unilateral assurance given by His Majesty's Government to the Polish Government. Pending the completion of the permanent agreement, M. Beck gave His Majesty's Government an assurance that the Polish Government would consider themselves under an obligation to render assistance to His Majesty's Government under the same conditions as those contained in the temporary assurance already given by His Majesty's Government to Poland.

5. *Statement in the House of Commons by the Prime Minister, April 13, 1939.*

Once confidence has been roughly shaken it is not so easily re-established, and His Majesty's Government feel that they have both a duty and a service to perform by leaving no doubt in the mind of anyone as to their own position. I, therefore, take this opportunity of saying on their behalf that His Majesty's Government attach the greatest importance to the avoidance of disturbance by force or threats of force of the *status quo* in the Mediterranean and the Balkan Peninsula. Consequently, they have come to the conclusion that, in the event of any action being taken which clearly threatened the independence of Greece or Rumania, and which the Greek or Rumanian Government respectively considered it vital to resist with their national forces, His Majesty's Government would feel themselves bound at once to lend the Greek or Rumanian Government, as the case might be, all the support in their power. We are communicating this declaration to the Governments directly concerned, and to others, especially Turkey, whose close relations with the Greek Government are known. I understand that the French Government are making a similar

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declaration this afternoon. I need not add that the Dominion Governments, as always, are being continuously informed of all developments.

6. *Statement in the House of Commons by the Prime Minister, May 10, 1939.*

His Majesty's Government recently accepted a definite obligation in respect of certain eastern European States. They . . . undertook these obligations without inviting the Soviet Government to participate directly in them, in view of certain difficulties to which, as the House is well aware, any such suggestion would inevitably give rise. His Majesty's Government accordingly suggested to the Soviet Government that they should make, on their own behalf, a declaration of similar effect to that already made by His Majesty's Government, in the sense that, in the event of Great Britain and France being involved in hostilities in discharge of their own obligations thus accepted, the Soviet Government, on their side, would express their readiness also to lend assistance, if desired. . . .

Almost simultaneously, the Soviet Government suggested a scheme at once more comprehensive and more rigid which, whatever other advantages it might present, must in the view of His Majesty's Government inevitably raise the very difficulties which their own proposals had been designed to avoid. His Majesty's Government accordingly pointed out to the Soviet Government the existence of these difficulties. At the same time they made certain modifications in their original proposals. In particular, they made it plain that it was no part of their intention that the Soviet Government should commit themselves to intervene, irrespective of whether Great Britain and France had already, in discharge of their obligations, done so.

7. *Statement in the House of Commons by the Prime Minister, May 12, 1939.*

His Majesty's Government in the United Kingdom and the Turkish Government have entered into close consultations, and the discussions which have taken place between them, and which are still continuing, have revealed their customary identity of view. It is agreed that the two countries will conclude a definitive long-term agreement of a reciprocal character in the interests of their national security. Pending the completion of the definitive agreement His Majesty's Government and the Turkish Government declare that in the event of an act of aggression leading to war in the Mediterranean area they would be prepared to co-operate effectively and to lend each other all the aid and assistance in their power.

GREAT BRITAIN

I. NATIONAL UNITY

IF the German invasion of Czechoslovakia served no other useful purpose, it restored to British opinion on foreign policy a unity more complete than it had enjoyed since 1935. Since the signing of the Munich agreement, Mr. Neville Chamberlain had been the object of bitter attack by Opposition critics, for his failure, as they put it, to "stand up to Hitler", and for his alleged betrayal of a democratic people to the fascist dictators. That this hostility was not shared by the majority of the electorate was suggested by the response to an inquiry organised by the British Institute of Public Opinion, the "Gallup poll" of Great Britain, which is admittedly still in its infancy. A select cross-section of voters were asked :

Which of these statements comes nearest to representing your view of Mr. Chamberlain's policy of appeasement ?

(1) It is a policy which will ultimately lead to enduring peace in Europe.

(2) It will keep us out of war until we have time to rearm.

(3) It is bringing war nearer by whetting the appetites of the dictators.*

Of those asked, 28 per cent. assented to the first proposition, 46 per cent. to the second, and 24 per cent. to the third, 2 per cent. offering no opinion. Thus over three-quarters of those who answered at all were to be reckoned as supporters of the "appeasement" policy, though most of them on the slightly cynical if none-the-less sensible ground that it staved off war until we had a better chance of victory. It is significant that nearly one-half of those among the people interviewed who reckoned themselves

* *News-Chronicle*, March 15, 1939.

GREAT BRITAIN

supporters of the Opposition assented to this pragmatic approval of Mr. Chamberlain's policy, and another 11 per cent. to the full approval affirmed in the first proposition.

The by-elections have likewise given no sign either of great enthusiasm or of violent distaste for Mr. Chamberlain's Government. At Batley and Morley, the Labour majority rose from 2,828 to 3,896, on a poll of over 36,000, both parties receiving fewer votes than at the general election in 1935. There was a very similar result in South Ayrshire, where the Labour majority rose from 4,804 to 4,922, on a poll of approaching 31,000. In Kincardine and West Aberdeenshire, a National Government candidate received a majority of 1,121 over the same Liberal candidate who had been defeated by 2,636 in 1935, on that occasion by an avowed Conservative. In the Hallam division of Sheffield, a fortnight after the announcement of conscription, the Conservatives held the seat with a majority reduced from 10,952 to 6,094; but the fall was due to abstentions, deliberate or careless, on the Government side, not gains to Labour, whose poll was actually lower than in 1935. Three by-elections on May 17 had similar results. In the Abbey division of Westminster and the Aston division of Birmingham, Government majorities fell from 12,862 to 5,004 and from 10,355 to 5,901 respectively; in North Southwark, a Liberal National majority of 79 was converted into a Labour majority of 1,493: but in each of these elections the Opposition poll as well as the Government poll suffered a decline.

Labour has not increased its appeal by continuing to display disunity in its own ranks. The party executive, after expelling Sir Stafford Cripps from the party for having launched a campaign for a "popular front",* subjected two of his fellow M.P.s—Mr. Aneurin Bevan and Mr. G. R. Strauss—to the same penalty for associating themselves with Sir Stafford's campaign. The "heresy hunt" is being prosecuted with great thoroughness by the Labour

* See THE ROUND TABLE, No. 114, March 1939, p. 389.

NATIONAL UNITY

hierarchy. At its annual Easter conference, the Co-operative party rejected by a card vote of 2,854,000 to 1,923,000 a motion in favour of a "peace alliance" designed to eject the National Government, thus directly reversing its own vote of a year ago.

If, however, the opponents of Mr. Chamberlain and his works were in a minority, they made up for it by the fervour and earnestness with which their opinions about his foreign policy were held. They received a somewhat ambiguous reinforcement from Conservative critics like Mr. Eden and Mr. Winston Churchill, though on no occasion has there been any serious split in the Government ranks. But when the House of Commons debated the European situation on April 3, after the Government had announced Great Britain's pledge to Poland, Mr. Eden and Mr. Churchill were among the most cordial congratulators of Mr. Chamberlain, and the Opposition leaders themselves could do little but ask for more.* A few, including Sir Stafford Cripps, continued to demand the resignation of the Prime Minister as one whose policy had been a self-confessed failure, having indeed been followed by the very disasters that they themselves had predicted. Since the change in direction of British foreign policy after the March crisis, there has been, perhaps, less disposition to press for the inclusion of Mr. Eden in the Ministry, his supporters having been drawn entirely from the critics of the "appeasement" policy, who are now themselves appeased; but more for that of Mr. Churchill, since many Government supporters who had previously found themselves opposed to his views on foreign policy now began to hanker for his peculiar powers in reinforcing our defences to meet our new commitments. However, Mr. Chamberlain, having decided upon a Ministry of Supply—albeit an adjunct of the War Office only—gave this portfolio, not to Mr. Churchill, who had been the most

* A series of documents on the change in British foreign policy is printed on pp. 603-6.

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trenchant advocate of the creation of such a Ministry, but to Mr. Leslie Burgin, the Minister of Transport, whose special qualifications for the post had not been universally recognised. The new Ministry, apart from dealing with the problem of military supply, which has been rendered far greater by a sequence of decisions to increase the strength of the army, will also be responsible for acquiring and maintaining the reserves of essential metals and other raw materials required for the defence programme. Mr. Burgin was succeeded as Minister of Transport by Captain Euan Wallace, whose promotion entailed a series of minor ministerial changes.

II. CIVIL DEFENCE

ALMOST as striking as the change in the direction of British foreign policy has been the swift development of defence preparations. The expansion of the navy and air force has not been very much in the public eye, though a succession of warship launches, and reports of the steady increase of aircraft production, have encouraged us in the knowledge that these arms are being made stronger week by week. It is now some months since it was authoritatively stated that the output of military aircraft in Great Britain was of the order of 500 per month, and was still rising.

The centre of interest and controversy during the past quarter, in the field of defence, has been shared by civil defence and the army. In April, all local authorities were asked by the Government to arrange to give priority to civil defence business over all other matters for the next three months. The Government's own most notable move in this sphere was the introduction of a Civil Defence Bill, dealing chiefly with the measures to be taken by industrial and commercial undertakings and by public utilities for the protection of their employees. Among other provisions, the Bill authorised a 50 per cent. grant to public utility undertakings towards the cost of precautionary

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measures, made it compulsory to incorporate structural precautions in certain classes of new buildings, and imposed a statutory obligation on employers to organise air-raided precautions and to provide shelters for their work-people. The Bill also contained provisions relating to war-time organisation of hospitals and the preparation of emergency plans for the evacuation of the civil population from crowded areas.

Another outstanding development during the quarter has been the appointment of regional commissioners and deputy commissioners, who, among other eventual duties, would represent the central government authority in their respective areas if communications were cut. Potential dictators in war time, these functionaries have neither salaries nor executive duties in time of peace. Their names were such as to inspire every confidence. The appointment of a senior commissioner for London, a regional commissioner for Scotland, and a deputy commissioner for the northern region, was deferred, it was stated, until an emergency should actually occur; this course had plainly been indicated by the desirability of enrolling, for these offices, members of the Labour party, who found themselves unable publicly to accept the posts in advance of an emergency.

The problem of shelters for the ordinary urban population who would not be evacuated has been the cause of a good deal of controversy. Much publicity was given to a draft scheme for deep bomb-proof shelters for the public, elaborated by the Finsbury Borough Council. Eventually, however, the plan was rejected by Sir John Anderson, the Lord Privy Seal and Minister in charge of Civil Defence. Apart from technical difficulties to which his official experts had drawn attention, Sir John had been advised that "on any probable view of the conditions of an actual air raid there would not be any real prospect that the inhabitants of the borough as a whole would succeed within the warning period in gaining access to the proposed shelters". The

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Minister had, in fact, received from a specially constituted conference on air-raid shelters, under the chairmanship of Lord Hailey, a general recommendation against the construction of deep shelters.

The universal provision of complete immunity from risks (the conference reported) is impossible. What has to be sought is a balanced programme of reasonable protection, bearing in mind, first, that the factor of time is of vital importance and, secondly, that it is essential to avoid an immoderate diversion of the nation's effort from other activities directed to the maintenance of its own existence and the successful prosecution of war.

The objections raised to deep shelters included their relative inaccessibility, the danger of congestion at the entrances, the risk of creating "a shelter mentality", and the possible diversion of national effort from other more active measures of defence. The conference gave general support to the provision of dispersed shelters, each holding a few people, including under that term both special steel shelters and basements reinforced with steel structures. The Government had anticipated this recommendation by placing orders for large numbers of small steel shelters, which could be erected in gardens or back-yards, and which would be distributed free to those who particularly needed them and who were in receipt of incomes of less than £5 a week. Delivery of these shelters was begun at the end of February, and by Easter about 300,000 had been distributed, capable of accommodating up to 1,600,000 people. It was announced that a million more had been ordered, and that the rate of distribution would be doubled.

Among the other miscellaneous measures of civil defence that have been reported during the past three months have been the following. An information bureau has been set up at the Ministry of Health to advise businesses intending to transfer their headquarters from London or other crowded areas in the event of war; the businesses have been warned to avoid transferring to reception areas, where accommodation would be already taxed to the limit by the children and others evacuated from the cities, to the number

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of a million and a half from London alone. A general outline of war-time lighting regulations has been issued. The Government has set up a Civil Defence Research Committee, composed of eight leading scientists. A definite defence rôle, which will include the protection of public utilities and other vulnerable points, has been allotted to the National Defence Companies, which form a portion of the territorial army reserve. These companies, which are on a military basis, are open to ex-service men between the ages of 45 and 51.

Another field in which defensive plans have gone rapidly forward is that of food supply in the event of war. According to an official statement to the press, the machinery of rationing essential commodities is ready to start at a moment's notice, and a complete rationing system, such as that with which the last war terminated, would be in force within ten days. Plans include the decentralisation of food markets and the distribution of free iron rations to the refugees from the evacuated areas. The Food (Defence Plans) department has circularised all bakers inviting them to hold additional stocks of flour at or near their places of business, as a reinforcement to the centralised stocks which have been accumulated under government authority. Payment for this service is to be made at the rate of 2s. 6d per annum for every extra sack of flour stored. The department has appointed area officers who would, in war time, control the supply of meat and the movement of live-stock. It has also submitted to wholesale grocers and provision merchants, for voluntary action, a scheme whereby these distributors would form regional groups designed to render each other mutual aid in the event of war.

The Government has also announced plans for stimulating the production of essential foodstuffs in Great Britain, the central provision being a subsidy of £2 per acre of land, now treated as permanent grass, which is ploughed up before the autumn and brought into a state

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of cleanliness and fertility. It is expected that some 250,000 acres will be treated in this way. At the same time, the Minister of Agriculture announced that a reserve of fertilisers had been secured and arrangements made for their distribution, as well as the distribution of feeding stuffs, tractors and other machinery, implements and seeds required for war-time production.

III. CONSCRIPTION

EVEN more remarkable than these developments in the field of civil defence has been the revolution—for it is scarcely less—in policy and action in regard to the army. In presenting the army estimates, Mr. Horc-Belisha announced that the army was now to be organised on the basis of providing a field force of 19 divisions, which would be available for action in a European theatre if necessary. This force would include, from the regular army, four infantry divisions and two armoured divisions, and from the territorial army nine infantry divisions, three motorised divisions and an armoured division; in addition, there were two territorial cavalry brigades, and a number of non-brigaded units, regular and territorial. In planning his famous military reforms, said the Secretary of State for War, Mr. Haldane had projected a field force of six infantry divisions and one cavalry division only, and this was the striking force available for action in Europe in 1914. By contrast with pre-1914 days, the territorial force would now be equipped for a European war. Home defence would be undertaken by a new anti-aircraft and coast defence army.

This statement was made on March 8. At the end of March—the invasion of Czechoslovakia having taken place meanwhile—it was announced that the territorial army would be raised at once from a peace establishment of 130,000 to a war establishment of 170,000, and that this figure would itself be forthwith doubled, making a total of

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340,000. Questioned why, in a recruiting speech a few days later, he had proclaimed "Come on, the first 250,000", instead of 210,000 as the above figures indicated, Mr. Hore-Belisha said that the quarter-million included "anti-aircraft units and everything: the figure we are aiming at is 450,000". Within a few weeks, many of the territorial units had reached war establishment and were beginning to form their second line. In certain Government circles, there arose at this period a powerful agitation for a fresh scrutiny of the list of reserved occupations, members of which had been instructed not to enrol for defensive duties that would involve full-time employment in war; such duties, of course, included the territorial army. The principal amendments made since the list was first issued in February had been in the way of additions. At the end of April, however, the schedule was revised and categories removed from it that would release about 1,500,000 men. The number of men reserved between the ages of 18 and 50 is at present about 3,500,000, and the number not so reserved about 7,500,000.

A far more fundamental change in military organisation was to come. On April 26, Mr. Chamberlain announced the introduction of conscription. All men between their twentieth and twenty-first birthdays would be called up for six months' military training. On discharge after the six months they would have the option of entering the territorial army for three-and-a-half years or of passing to a special reserve of the regular army. About 310,000 men would be affected by this decision every year, but deductions would have to be made for various causes. The measure would be introduced for an initial period of three years only. Provision would be made for the exemption of conscientious objectors, but they would be obliged to undertake other work of national importance. Mr. Chamberlain justified this overriding of his previous pledges not to introduce conscription in peace time, by suggesting that the times through which we were living were not peace

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in any sense in which the term could fairly be used. As for the "conscription of wealth", which had been linked in discussion with the conscription of man-power, wealth was already very largely conscripted by taxation; but legislation would be introduced at an early date to limit by still further measures the profits of firms mainly engaged on rearmament. If war broke out, moreover, special penalties on profiteering would be imposed, and any augmentations of profits or individual wealth would be curtailed for the benefit of the State.

This measure, which was announced on the eve of Herr Hitler's speech to the Reichstag, was received with enthusiasm among most of the Government's supporters, and with cordial relief and congratulation in friendly foreign countries, particularly in France, where the failure of Great Britain to introduce conscription had been regarded with considerable resentment, not to say suspicion lest it betokened an intention to run away from European engagements through sheer inability to carry them out. It was, however, bitterly opposed by the Labour and Liberal Oppositions in Parliament.

The Opposition case is founded partly upon objections of principle. Compulsory military service is regarded as a derogation from democracy and freedom—an argument hard to sustain in face of the fact that almost every other democracy in Europe regards it as an essential democratic institution. Military conscription is feared as the precursor of industrial conscription. It is regarded, by some, as implying a wrong view of the part that Great Britain could most effectively play in a continental war, and as unnecessary to secure the size of army that we are capable of equipping and training in peace time, or of mobilising, transporting and supplying in the event of war. Critics of the British attitude, at home and abroad, must remember the long tradition of limited participation in continental wars, which was shattered in 1914 but again adopted as a result of the belief that hundreds of thousands of men fell

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unnecessarily in the British offensives in France and Flanders. They must remember, too, the tradition that the army is the instrument of an executive that has not always been fully controlled by the people.

After a first outburst, however, the Opposition concentrated their attacks more upon the manner in which conscription was introduced than upon its general substance. They bitterly attacked Mr. Chamberlain for having broken his pledges given to the House of Commons, to the trade unions and to the Opposition parties, not to introduce conscription in peace time, and for having made this sudden and revolutionary change in the marshalling of our man-power without first consulting the Opposition and the trade unions. It is possible, indeed, that greater tact might have been employed in announcing the new policy, but nothing in the Labour or Liberal attitude suggested that if those parties had been consulted they would have consented to this measure, which the Government and its military advisers, on the other hand, felt was urgently necessary in the light of our new commitments in Europe and the danger of war within a few months.

There have been signs that opposition to the principle of compulsion is not universal among the Labour and Liberal parties. Before the conscription measure was announced, a group of trade unionists had signed a memorial advocating some kind of compulsory service, as required for the defence of this country and the honouring of its commitments. A contemporary survey by the British Institute of Public Opinion showed that, among those in the sample who expressed a definite view, nearly one-third of the Opposition supporters actually preferred compulsion to the voluntary system in securing an enlarged army, joining in this opinion a bare half of the supporters of the Government.* The conclusion that conscription, once introduced, has the assent of a very large majority of the public is irresistible, and it has been noticeable that Labour criticism

* *News-Chronicle*, May 5, 1939.

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has tended to concentrate more and more upon the details of the measure. A motion approving the Government's policy was carried in the House of Commons on April 27 by 376 votes to 145. Although the Opposition Liberal party had officially declared itself as uncompromisingly hostile to that policy as the Labour party itself, nine of its members—including Mr. Lloyd George—voted with the Government, exactly the same number as voted against the motion.

The conscripts, who are to be known as militiamen, are to be paid 1s. 6d a day, with allowances for dependents. The decision to pay married allowances has entailed an expensive change in the army regulations on this score; for hitherto the regular soldier has not been able to claim married allowances before he was 26 years of age, a limit that has now been reduced to 20 years, since it would be manifestly unfair to leave him in a worse position than the conscript. Introducing the Bill, Mr. Chamberlain said that over its three years' term the measure was expected to produce a total of 800,000 militiamen. He declared that the provisions for the exemption of conscientious objectors would be interpreted sympathetically and generously.

In the same speech the Prime Minister announced that the Bill, which as drafted applied only to Great Britain but could be extended to Northern Ireland and the Isle of Man by order, would not be applied to Ulster. This announcement was greeted with disgust among the Northern Irish Unionists, who apparently looked forward with eagerness to the prospect of coercing the Catholic Nationalist minority to fight for England against their will, but with relief in the twenty-six counties and among those who believe that good relations between Great Britain and Ireland are of far greater defensive value than a few thousand conscripts more or less. British subjects who are ordinarily resident in parts of His Majesty's dominions outside the United Kingdom are also exempt.

Ireland, it must be confessed, is not as a rule much in

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the minds of British people in these days, but it has lately been forced upon their attention by a series of bomb explosions perpetrated by people describing themselves as members of the Irish Republican Army. The object of these childish but dangerous escapades has been, it seems, to end partition, but the only kind of partition that they have seemed like damaging has been the shopfronts of a few random firms in British cities and the walls of certain telephone booths, railway cloakrooms and public conveniences. No serious damage has yet been done, though attempts have been made to blow up electricity pylons, canals, and even Hammersmith bridge. The gentleman responsible for the last-named outrage was sentenced to 20 years' penal servitude, and several sentences of that term were meted out to men convicted at Manchester assizes of conspiracy to use explosives. At the time of writing, 38 men and women have been convicted of offences in connection with the explosions, and have received sentences averaging close on ten years each, not counting concurrent terms of imprisonment.

IV. THE BUDGET

REARMAMENT has to be paid for, and the bill for conscription has yet to be presented to the taxpayer. The defence estimates for 1939-40, as originally framed, totalled £580 million, an increase of £175 million on the 1938-39 figure. While people were wondering, with growing anxiety, how this sum was to be found, the Chancellor of the Exchequer asked Parliament to raise to £800 million the total of £400 million which the Defence Loans Act of 1937 had authorised him to borrow for defence purposes. Shortly afterwards he announced that he would borrow this year £350 million, a figure that would actually leave a smaller residue to be met from tax revenue than in 1938-39. Nor was this the final limit of his unorthodoxy. Between the presentation of the estimates and

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the opening of the budget, decisions to expand the army (before the adoption of conscription) had added to this year's cost a further £50 million, of which Sir John Simon proposed in his budget speech to borrow £30 million.

In spite of this readiness to borrow, the Chancellor had no easy budgetary task. The year 1938-39 had ended with a deficit of £12,714,000, ascribable to a short-fall in income tax and more especially in estate duties. The recession in trade and the fall in capital values obliged him to keep his estimates of tax yields in 1939 to a conservative level, with the result that after deducting the sums to be borrowed he was faced with a deficit of £24 million. This he covered by a series of increases of taxation. A tax on photographic films and plates, equivalent to 2d per spool on the popular sizes of film used by amateurs, would yield £800,000 this year and £1,000,000 in a full year. An increase of the tobacco tax by 2s. a pound would yield £7 million this year and £8 million in a full year. Increases in surtax would produce £4 million this year and £5 million in a full year. A surcharge of 10 per cent. on death duties on estates exceeding £50,000, excluding agricultural values, would yield £3 million this year and £5 million in a full year. An increase of a farthing a pound in the sugar duty would produce £4 million this year and an extra half-million in a full year. Finally, the horse-power tax on private motor cars was raised from 15s. to 25s. per unit, to bring in £6,250,000 in 1939-40 and £11,500,000 in a full year. Against these additional burdens, the Chancellor conceded two small reductions of taxation, lowering the entertainment duty on "live" performances, and abolishing the stamp duty on patent medicines. In sum, his changes of taxation were just sufficient to make good his £24 million deficiency, and he balanced his budget—if that is the correct description for a process that includes borrowing £380 million for current purposes—at the huge total of £1,322 million.

The budget was greeted with general relief; for the

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taxpayer had feared a much heavier call upon his means. It was attacked by the Opposition mainly on the ground that by leaving so much to be borrowed it made inflation inevitable, and so threw the real burden on wage-earners, pensioners and others least able to pay. No one can deny that there is danger of inflation when the Government proposes to borrow in a single year nearly as much as the estimated annual savings of the whole community. The compensating factor—a very important one, as German experience has shown—is the existence of a great deal of idle capital and labour, which a policy of large-scale government borrowing may bring into activity. The effect of rapid rearmament upon unemployment has already been felt. Between January 16 and April 17, the numbers unemployed in Great Britain fell by 395,000 to 1,644,000, the lowest figure recorded since 1937. The economic future, if we are spared the war that many of us fear, can only be a matter for speculation; for immense government borrowing, conscription for a quarter-of-a-million young men a year, and a considerable diversion of civilian activity from its normal channels, have produced an entirely new economic order of things, and may well produce a new social order.

AUSTRALIA

I. JOSEPH LYONS

THE whole Australian people, of every class and creed, was bowed in grief at the death of Mr. Lyons—grief as deep and widespread as has ever been evoked by the death of a public man in this country. Nothing had prepared us for it. The Prime Minister was only 59 years old. He had always been a healthy man. The strain of his official responsibilities had been especially heavy in recent weeks, but those of his colleagues who were personally closest to him had no suspicion that this strain had had results more serious than a weariness that could be cured by a few days' rest. On the Wednesday, we were told that he was suffering from a chill and had gone into hospital for a few days' rest. On Thursday, he became critically ill, from heart seizure. On Friday morning—Good Friday, April 7—he was dead, and his country was the poorer by the loss of one of the most honourable, straightforward, large-hearted men who ever took a part in its political life.

Joseph Lyons had no dazzling gifts. The qualities that enabled him to become the accepted and successful leader of a Government, and to hold that office with increasing respect and confidence for some seven years, were not compelling eloquence, nor dominating personality. He had great political capacity and shrewdness. But he held a sometimes very difficult party together, overcoming parliamentary crises that might easily have wrecked a more brilliant leader, and keeping to an increasing degree the confidence and the affection of the whole Australian community, through a simple, straightforward honesty, a genuine humanity, and an essential goodness,

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that were never doubted, even by his strongest political opponents.

This was the more remarkable in that Lyons was one of the not inconsiderable number of Australian public men who, having begun their political career as members of the Labour party, transferred their allegiance, and attained high office on the other side. Such men, for the most part, have never been able to shake off the bitter mistrust, often the deep personal rancour, of their erstwhile political friends. This was not the fate of Lyons. He left the Labour party in 1931, under circumstances that exempted him from any suspicion of self-seeking motives, and he incurred no personal mistrust or rancour. Indeed, his strong personal friendly relations with most of his political opponents helped him to achieve his success as a parliamentary leader.

He was a strong and loyal Australian. But he did not believe that there was any inconsistency between a whole-hearted devotion to the national interests of Australia, and an equally strong adherence to the British Commonwealth of Nations. He saw in our membership of the Commonwealth, not any limitation on our independence, but a fuller and more effective opportunity for our self-realisation as a nation. This spirit informed his whole policy in our relations with the Empire.

No sketch of Mr. Lyons would be complete without a reference to the deep but unobtrusive religion, which was the strongest influence in his life, and the secret of those qualities which so endeared him to his colleagues and his fellow citizens. He belonged to the Roman Catholic faith. He was a man of large-hearted tolerance, nor was there any touch of sectarian bitterness in his make-up. The spectre of sectarian strife, which in the past has played a large part in elections in this country, never seriously raised its ugly head at any of the federal elections since he became leader. He leaves among many thousands of Australians a deep sense of personal loss.

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II. THE NEW PRIME MINISTER

SINCE December the position of the federal Government has grown weaker. Even though its increased activity in defence matters has helped to arrest its drift to electoral unpopularity, it lost ground through its handling of the national insurance problem, which involved the resignation of the Attorney-General, Mr. R. G. Menzies. Though hardly a popular political figure, Mr. Menzies was an influential member of the Government. He resigned, according to his own statement, because he could not reconcile the latest policy of the Government in regard to national insurance with an undertaking that he had given to his constituents quite recently on the same subject. His attitude was generally commended by the press, but some observers felt that he might have stood by the Government at this critical period. Although the parting between Mr. Lyons and Mr. Menzies was friendly, the late Prime Minister undoubtedly felt the defection keenly—more keenly perhaps than was realised at the time.

The Government had had much trouble with its national insurance plans. In February it was apparently prepared to abandon the whole scheme, or at least to postpone its operation indefinitely. News of this alleged move leaked out and provoked a surprising demonstration of popular opinion, as reflected in most leading newspapers, against such a course. The *Sydney Morning Herald* and the *Melbourne Herald* both took a definite line, and by the time the party meeting—which had been specially convened, so it was stated, to bury the whole scheme—was held the Government had no chance of getting rid of its Old Man of the Sea. As a result of the meeting, the Government decided on a revised scheme, which was only a shadow of the scheme embodied in the existing legislation. It is doubtful whether this plan will be accepted by Parliament, as it does not satisfy any important political section and is opposed both by the friendly societies and by the doctors.

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The Government gave as its reason for the proposed reduced scale of benefits the increased expenditure necessary on defence. Repealing legislation is necessary if the original scheme is to be revised or abandoned, and the difficulty of getting this through Parliament may be considerable. The real lesson of this minor crisis was to show that the mass of people wanted national insurance, which had previously been supposed to be unpopular with a majority of the electors.

The death of Mr. Lyons raised acute problems regarding the choice of a successor. An interim Government was formed under the leadership of Sir Earle Page, but it was understood that Sir Earle would hold office only until the United Australia party had elected a new leader, who would then, as head of the largest party in Parliament, succeed to the Prime Ministership.

Of the members of the U.A.P. in the federal Parliament, only three had substantial claims to be considered as Prime Minister. They were Mr. W. M. Hughes, 74 years of age, an ex-Prime Minister and then Minister for External Affairs and Attorney-General; Mr. R. G. Casey, the Treasurer; and Mr. R. G. Menzies, the former deputy leader of the party. There was a move in some quarters to induce the High Commissioner in London, Mr. S. M. Bruce, to return to Australia and take over the leadership of the Government. This move, though it commanded widespread support, was in any case made rather too late to allow of its being a success; but it is understood that Mr. Bruce, when approached, indicated that he would return only on condition that he was invited by all the three federal parties, as he was unwilling to enter into party political life again. He would agree to lead only a National Government. The fulfilment of such a condition, however, is quite beyond the range of practical politics in Australia to-day. The claims of Mr. Stevens, Premier of New South Wales, were also canvassed, but the difficulty of finding him a federal seat proved insurmountable, and

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he was never really a likely candidate, though his driving force, administrative ability and leadership would be of great value at Canberra. The actual contest resolved itself into a struggle between Mr. Menzies and Mr. Hughes. The former was successful, it is stated by a narrow majority, and he has formed a new Government.

It is too early yet to try to estimate the effect of Mr. Menzies' election on the political life of the country. In many quarters it will not be welcomed. He has never been a popular figure, although he has been in public life for some years. A coalition Government, if that is practicable, may not work so easily under his direction as it did under that of Mr. Lyons. Mr. Menzies has never disguised his feeling that the Country party exercises an undue influence in federal politics, and he may be expected to attempt to curb this tendency. In this he will have some following, but he will be handling political dynamite which may blow his Ministry to pieces. Whatever doubts are felt at present concerning the future of his Government, there will be a tendency to withhold judgment and to allow him time to prove his capacity for leadership. The country needs this badly, and the people will be quick to react either to its presence or absence in the new Prime Minister.

The immediate effect of Mr. Menzies' election as leader of his party in federal politics was an indication that the Country party would not join any Government led by him. The need for the strongest possible Government is apparent to everyone, and Sir Earle Page will have to produce some extraordinarily strong reasons for his party's non co-operation if he hopes to get public support for his action. The community, as a whole, has been rather disgusted with the party and personal manœuvres for position that have been going on during what is regarded as a period of crisis. The new Government will be judged largely by its ability to convince the public that it can handle the difficult problems that are associated with the defence of the

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Commonwealth. As Mr. Menzies is an advocate of universal service, this measure now becomes more than a possibility.

III. AUSTRALIA AND WORLD AFFAIRS

WHATEVER may have been the views of Australians about the Munich negotiations, after the German *coup* of March 1939 any sympathy for German aspirations was swept away. At any rate until then, the supporters of Mr. Chamberlain's policy were growing in number, particularly as responsible visitors from Europe came to this country with little but praise for Mr. Chamberlain's handling of what they termed a very difficult situation. Such diverse types as Lord Nuffield and Mr. Bruce brought much the same story. The broad significance of all the events of recent times is just beginning to be appreciated. If the threat of the dictator States has done nothing else of value, it has done much to stimulate a greater sense of national duty. The awakening process has definitely begun. Australians are beginning in a more lively way to take stock of international events. The sincerity of Herr Hitler's speech to the Reichstag on January 30 was doubted in many quarters, although in Government circles public utterances on the subject were reserved. The hard threats behind Herr Hitler's reference to countries with empty spaces, if they were sincere, and if they referred to Australia, were regarded as an example of the failure of Nazi politicians to appreciate facts. Many Europeans still fail to understand that only a small part of Australia is capable of close settlement. The greater part of it is desert or almost desert. Even those parts which are classed in Australia as good pastoral lands require special adaptability in anyone who would settle upon them, and a readiness to meet hardships of a type that is little known in Europe. It is noticeable that recent migrants do not take readily to settling anywhere but in the towns or the closely settled rural areas.

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Evidence of the strengthening of Great Britain's defence forces has been widely welcomed. So have the stiffer pronouncements of the British Government on foreign affairs, and the moves for a closer understanding with Russia. Australians are not unmindful of the significance in the Pacific sphere of such an understanding. In an outspoken statement on March 23, Mr. Lyons declared that the pledges of Herr Hitler had been broken and agreements with Germany were now worthless. There is a determination in Australia that Australia and its dependencies and mandated territory must be kept inviolate from outside interference. There is also a greater realisation that Australian interests will be affected by any further trespass on British interests in the East.

IV. THE DEFENCE PROGRAMME

THE last number of THE ROUND TABLE contained some particulars of the defence programme for the three years beginning June 30, 1938. In December the original estimated expenditure was increased to £63,000,000; the sum of £70,000,000 is now mentioned and accepted by the public as a necessary burden. Since Munich, the press and the lay public have offered heated criticism of many aspects of the Government's defence policy; this is due partly to a public awakening to defence needs after the deep slumber of a few years ago, and partly to legitimate resentment at official shortcomings. Faults lie both with the public and with the Government. The public, perhaps, has little appreciation of the enormous difficulties involved in the rapid expansion of any service. The demand for compulsory military service continues, and may become an important political issue under the new Cabinet. But the shortage of instructors and equipment may well provide a sound reason for its postponement.

In the meantime, the militia has exceeded the projected strength of 70,000, and it has been stated officially that more

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recruits will be accepted. The report of the Inspector-General, Lieutenant-General E. K. Squires, came before the Cabinet in February. It has not been made public, but it is understood to recommend the establishment of a regular army of 7,500 men, in addition to the militia. Apart from certain Labour organisations, such as the All-Australian Trade Union Congress, there have been no critics of this proposal, which has been generally welcomed as a real contribution to defence. The regular army, thus increased, will be an excellent training-ground for the officers and instructors required for an expanding militia force or a conscript army, should the latter be necessary at a later stage. At the end of February the press announced the partial adoption of the Inspector-General's report, and the public felt that the permanent force would soon be an established fact. But it was later stated that it was to be established over a period of five years, only 1,500 men being recruited during the first year.

The Government has now given more detailed consideration to the establishment of defence outposts. In a previous issue of *THE ROUND TABLE*,* reference was made to the proposed air and naval base at Port Moresby (on the southern coastline of New Guinea). Attention has been drawn in the press and in public addresses to the need for extending Australia's defensive sphere of influence to the Pacific islands not at present controlled as territories of Australia. A suggestion that the Empire should provide fortified bases stretching eastwards from Singapore to Fiji has interested the public. Many people are concerned about the ease wherewith raiders, or even more imposing forces based on the Caroline islands, might descend upon the Australian eastern seaboard. There has, however, been no official pronouncement on this subject beyond reference to Port Moresby and Port Darwin (on which £840,000 is to be spent this year), presumably because it is held impossible to extend the defence effort any further.

* No. 114, March 1939, p. 419.

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The question of adding one or more capital ships to the Australian navy has been discussed again. In December, Mr. Street, Minister for Defence, stated that the cost of securing one new capital ship for Australia would be in the vicinity of £16,000,000.* He made no mention of the possibility of securing a modernised ship to go on with, although that was the suggestion thrown out here some months previously by Admiral Sir Howard Kelly, an informed authority on Pacific naval matters. The Minister's statement was therefore incomplete, as it is understood that £16,000,000 would probably secure two or three modernised ships, if they were available, and the ancillary ships and equipment. The Minister's statement did indicate, however, that the Government would obtain expert advice concerning the construction of a capital-ship dock, so presumably the matter has merely been shelved for the time being. In the meantime, the modernised H.M.A.S. *Adelaide*, converted to oil-firing and otherwise reconstructed, has been re-commissioned. Later in the year H.M.A.S. *Perth* will be added to the squadron, making six cruising ships in all. The preparedness of the Royal Australian Navy is now much greater than at the time of the September crisis.

Considerable impetus has been given to the industrial side of the defence preparations. An advisory panel of business men has proved of considerable value. The Government, furthermore, has now determined to establish a compulsory national register.

Naval shipbuilding orders have so far been restricted to the Cockatoo dockyard. The whole of the naval shipbuilding in Australia, under the revised programme of December 1938, will be done at this yard. During the period ending in June 1941, it is contemplated that two flotilla leaders of the Tribal class, each of 1,850 tons, two sloops of 1,060 tons each of the Yarra class, three boom defence vessels of the Kookaburra class and twelve motor

* See THE ROUND TABLE, *loc. cit.*

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torpedo-boats will be constructed. While the shortage of skilled artisans in this industry has raised and will continue to raise serious problems, it is not disputed that in an emergency other yards could undertake naval ship-building, and the output of naval tonnage could be increased considerably.

In the supply of air-force equipment, the most significant recent step has been the bringing to Australia of a British air mission, headed by Sir Hardman Lever. Firms interested in the production of aircraft or with facilities for production have been encouraged to appreciate the function that Australia can exercise as a manufacturer of aircraft for neighbouring Empire countries. The future of the industry in Australia is bright. Much preliminary work remains to be done; apart from the setting up of factories, artisans have to be recruited, but there is much good material available. Orders for air-force planes, except elementary training planes, have so far been given only to the factory at Fisherman's Bend in Victoria, which has orders for 100 of the Wirraway type. It is understood, however, that the Clyde Engineering company, near Sydney, manufacturers of locomotives, farm and other machinery, propose, in association with well-known British manufacturers, to enter upon aeroplane production at an early date.

For present requirements, which are most urgent, the Defence Department is obtaining 50 Lockheed planes from the United States, 100 Wirraway planes from Melbourne, and 40 Avro Anson planes on charter from England. More modern planes than Avro Ansons are on order from England, but when they will enter the service is doubtful. In January 1939 equipment valued at nearly two million pounds, ordered in England, had not yet been delivered. This lag has forced the Government to order in the United States. It has been publicly stated, with authority, that the air mission, which has made its report to the Government, is satisfied that a substantial

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output of air-force planes could be expected from the future Australian aeroplane industry. The Government has adopted the report and is taking steps at once to implement it. It is understood that assembly factories will be established at Sydney and Melbourne, and that government railway workshops and private factories will co-operate in the manufacture of essential parts.

Besides the extension of the Royal Australian Air Force stations at Laverton, Richmond and Point Cook, stations are now being developed at Perth, Port Darwin, Canberra, Townsville and Amberley. A start will soon be made with further stations between Sydney and Brisbane and at Port Moresby. The objective is to build station equipment sufficient to house and operate 19 squadrons with a first-line strength of 212 planes.

The supply of army equipment is in arrear, and the delay, which has given rise to many warnings, is perhaps one of the reasons why some Government supporters have hesitated to insist on compulsory military service. The increase of the voluntary militia from 35,000 to 70,000 in a matter of months has created a shortage even of preliminary equipment, such as uniforms. The production of machine guns and rifles is stated to be sufficient for present requirements, but supplies of the Bren gun have not yet come forward from Lithgow, where the factory for its production is still incomplete. Heavy equipment, such as artillery, is produced in insufficient quantities, and much remains to be done in this department. An immediate emergency would find the new militia insufficiently supplied with artillery and accompanying equipment. Anti-aircraft guns are now coming forward to anti-aircraft units, but not yet in sufficient quantities for a major war in the Pacific sphere. In February, however, Mr. Lyons was able to announce that "we are no longer dependent upon overseas factories for mobile types of guns". Ammunition supplies have also much improved.

As regards raw materials used in defence, it is officially

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stated that magnesium and aluminium for aircraft construction may shortly be obtained in substantial quantities from crude ore deposits in Tasmania. More important still is the achievement of co-operation between the major oil companies and the Government on the question of accumulation of oil supplies, with the aim of increasing the stocks now carried.

At a public meeting in the shipbuilding district of Balmain, Sydney, Mr. Street made it clear that he would demand value for every penny spent in defence, together with efficiency and despatch, in order that the programme should be fully completed by June 1941. His statements, made from time to time, have inspired confidence in widely different political quarters. The readjustment of public opinion since Munich has tended to swing Australian public opinion, not so much behind the Government, as behind the defence programme, which is supported by representatives of all shades of political thought, although not by all political organisations.

On such issues as compulsory military service there is much difference of opinion. In the Labour party there is a greater disposition than formerly to support the proposal. While the Australasian Council of Trade Unions, among other working-class bodies, is still officially opposed to compulsory military service, there is every indication that many members of the Labour rank and file are restive, believing that the anti-compulsory-service plank does not strengthen the Labour platform. Generally speaking, there is now not much difference between the Government defence programme and that of the Labour party. Mr. Curtin, indeed, charges the Government with stealing his important defence points and making them its own. Whatever may be the protestations of political parties in Australia to-day, the guiding factor is a public opinion that wants defence and seems prepared to foot the bill.

SOUTH AFRICA

I. POLITICAL CHRONICLE

THESE paragraphs are being written during the course of the parliamentary session which has lasted, save for the customary Easter recess, since February 3. On the whole it has been a successful session for the Government, and most of the forebodings of difficulty have been belied. To a large extent this is due to General Hertzog's success in creating the right atmosphere for his English-speaking supporters. They had been gravely disturbed by the events that sprang from the Voortrekker centenary celebrations of last year.* The renaming of Roberts Heights as Voortrekkerhoogte had come as a profound shock to the sentiment of most English-speaking South Africans. At the same time they were disturbed by the movement, born out of those celebrations, for the political reunion of Afrikaans-speaking South Africans, at present divided between the United party of General Hertzog and the Nationalist party of Dr. Malan. This would relegate the English-speaking citizens to the position of a minority racial bloc. This latter movement, be it said, was sponsored by no one less than the Prime Minister's own son, Dr. Albert Hertzog. This fact added to the uneasiness, but it gave the Prime Minister his opportunity. In a most admirably conceived and expressed letter, addressed to his son and published in the press, he decisively rejected any proposal for reunion that did not take account of English-speaking South Africans, and asserted again the necessity of co-operation between the two sections, which is the essential basis of the United party. Largely because of

* See THE ROUND TABLE, No. 114, March 1939, pp. 424 *et seq.*

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this letter, the disaffection within the United party that had been stimulated by the Roberts Heights episode almost completely died away, and the Government's course in the House during the first half of the session became a smooth one.

On the whole, too, the decline in the Government's popularity in the country has been checked. It has had the misfortune of having to fight, within a period of two months, four by-elections in seats that it had won at the general election last May—a large number in relation to a House of 153 members. Three of these seats it retained, though with reduced majorities. In the fourth, Paarl, a constituency near Capetown, a favourable majority of 427 was converted into a hostile majority of 107—in itself not a very large turnover of votes at a by-election in a constituency of 8,000 voters.

In three of these by-elections the contests were straight fights between the United party and the Nationalists: in the fourth, at Pretoria city, a Dominion party man also entered the lists in a constituency never yet contested by that party. He was decisively defeated, and his defeat seems to have contributed to the party's decline, which has been going on since the general election of last year. There are to-day definite signs of impending disintegration of the Dominion party. It has virtually no hold in the country anywhere outside Durban, and it is losing ground there. The English-speaking section of the country seems to be rallying more and more to the Government's support: as the news from Europe has grown in gravity, the necessity of maintaining a united front has come to be increasingly appreciated.

The by-elections have shown, however, that the Nationalist Opposition is still gaining ground, though not as rapidly as it had hoped. The programme that it has been putting forward, though effective in the stimulation of sentiment and prejudice, fails entirely on the constructive side. The main debate of the session so far, apart from the budget

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debate, was on an Aliens Amendment and Immigration Bill introduced by Mr. E. H. Louw, who returned to South Africa last year after representing the Union in Washington, London and Paris, and is now a Nationalist member of Parliament. That Bill was a definitely and unashamedly anti-Semitic instrument. It sought to terminate completely Jewish immigration, which had already been severely curtailed by the Aliens Act passed two years ago, and to apply certain discriminatory provisions to Jews already in the Union. The Bill was decisively rejected in Parliament, all the other groups voting with the Government against a Nationalist minority of 17, but it won for the Nationalist party a certain amount of support in the country, where anti-Semitic feeling has become a far from negligible factor.

The other main feature of the Nationalist party's activity has been the stimulation of anti-colour prejudice. It has seized upon anything that might stir up the always susceptible feelings of a large section of the people of South Africa in matters affecting natives and Coloured people and Asiatics. In particular, it is pressing for the segregation of Coloured people and Asiatics, and by doing so has caused the Government a good deal of embarrassment. Many Government supporters feel just as the Nationalists do in these matters, while others retain, in varying degrees, a measure of liberal tradition and sentiment. The question as it affects the Cape Coloured section of the population is dealt with in a later part of this article. The Asiatic aspect has presented the Government with special difficulties. At one time it appeared as if the Government, in order to pacify some of its supporters, was going to introduce an Asiatic segregation law, to the intense resentment of the Indian community in South Africa and the people of India. It appears, however, that the Government of India made representations, and that the matter is to be the subject of further consultation between the two Governments, by round-table conference or otherwise.

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Certain other highly contentious proposals were foreshadowed earlier in the session, giving colour to the view that there is a growing authoritarianism in the Government's outlook. One such proposal was for a drastic alteration of the rules of procedure of the House of Assembly, a proposal that seemed to ignore the experience gained in other parliaments, that it is by consultation between the parties rather than by the application of compulsion to the Opposition that the smooth working of the parliamentary machine can best be secured. At about the same time there was also foreshadowed the introduction of legislation for the control of the press, of the political activities of teachers, and of public meetings.

As the parliamentary session has advanced, however, all issues of this kind have tended to be eclipsed by the gathering war-clouds in the European firmament. As to the stand that South Africa would take if war were to come, the Government has not in terms given a clear indication. The position as defined by the Prime Minister remains in general much the same as it was last September.* In one respect, however, there has been a significant change. Referring to the Union's position in the event of war, the Prime Minister said in the House on March 23 :

When and where the activities of a European country are of such a nature or extent that it can be inferred therefrom that its object and endeavour are the domination of other free countries and peoples, and that the liberty and interests of the Union are also threatened thereby, the time will then also come for this Government to warn the people of the Union and to ask this House to occupy itself with European affairs, even where the Union would otherwise have no interests or would take no interest in them.

Although, as this statement indicates, no opportunities have been provided for a debate on external affairs, it is permissible to infer from it that the aggressive aims of the totalitarian States, and the threat to freedom which they imply, have come to be appreciated in South Africa far

* See THE ROUND TABLE, No. 113, December 1938, p. 51.

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better than they were in September 1938. The decision of the Government to amalgamate the police force of South-West Africa with the South African police, and to send substantial reinforcements of Union police to the territory, can only be interpreted as a response to the realisation that the German minority there might be used to give point to that threat.

II. DEFENCE

TWO years ago an account was given in *THE ROUND TABLE** of the Union's defence schemes as then proposed. The swift march of events since then has made defence the primary national problem of the moment. There is little doubt that if war had come in September or October of last year the Union's internal politics would have necessitated a determined attempt to remain neutral. The progress of German policy, however, from the achievement of German unity to the aim of foreign domination, has wrought a considerable change in outlook in the Union. Even a portion of the Nationalist party is experiencing doubts as to the wisdom or feasibility of neutrality at all costs.

Considerable interest therefore attaches to Mr. Pirow's recent statement on defence in the House of Assembly. With one exception, the main lines of policy described two years ago remain unchanged. This exception concerns the proposals for mechanisation, which have been dropped. After extensive review, the Government has concluded that the thick and difficult nature of the bushveld country, where land fighting might be expected, and the absence of proper roads, make the development of mechanised units unwise—a remarkable conclusion.

As far as coastal defences and air and land defence are concerned, it is clear from the Minister's statement that progress has been patchy. Coastal defence, depending

* No. 107, June 1937, pp. 556-65.

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largely on the obtaining of heavy armament from overseas, has obviously been delayed by the prior pressure of Great Britain's own needs. Little therefore has been achieved towards making harbours such as Capetown "battleship proof", except the acquisition from Great Britain, on indefinite loan, of the monitor *Erebus* with its 15-in. guns. For the same reason, aeroplane strength, though ahead of schedule, represents no more than the minimum of present needs. In view of these difficulties, efforts have been concentrated particularly on what can be achieved within the Union. Training of air force pilots and mechanics has proceeded apace. The plans made had budgeted for 50 pupil pilots, 100 fully trained reserve pilots, and 800 mechanics: the figures achieved to-day stand at 432, 150 and 2,080 respectively. The total of infantry available at short notice is now 28,000, and of those available within three months 53,000, only 3,000 short of the total planned for the end of the five-year period. Similarly, the number of men in defence rifle associations, standing at 50,000, exceeds expectation by 30,000.

In regard also to the local manufacture of munitions and armaments, considerable progress is being made. Small-arms ammunition has for some time been manufactured at Pretoria and production of heavier types is now planned. Arrangements are now being concluded with some of the chief engineering concerns on the Witwatersrand for the production of heavy artillery and trench-mortars. Experiments are being made with the manufacture of tanks, and it is reported that representatives of the Skoda works will shortly arrive in the Union to supervise production of the Bren machine gun. Finally, the Union Government is employing the powers it possesses under the Defence Act to compile a national register of available man-power between the ages of 17 and 60.

These defence activities mentioned above, and the recent despatch of police reinforcements to South-West Africa, make it reasonable to infer that the Union is to-day less

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complacent than formerly about its immunity from involvement in the crises of Europe.

III. THE BUDGET

MR. HAVENGA had last year budgeted for a deficit of £100,000. He introduced his budget this year with the estimated deficit turned into an estimated surplus of £1,650,000. Indeed, later figures of revenue collections show that the realised surplus was still larger. The main reasons for the favourable budgetary position with which the new financial year opens are, first, the accident of an unexpected gain of £275,000 from death duties; secondly, the rise in the price of gold, which brought in another £355,000 from income tax upon gold mines; and, thirdly, the maintenance of profits in industry and commerce at an unexpectedly high level, which resulted in the receipt of some £307,000 more than had been anticipated in income tax on non-mining companies, while super-tax on individuals exceeded the estimate by £164,000. It is rather remarkable that these increased income-tax yields should have taken place when imports were being cut down so severely that customs duties yielded £250,000 less than the estimates, and well over £1,000,000 less than the yield for the previous year, although they included a windfall £300,000 collected upon imports of wheat, which normally are not allowed.

The Treasury expects a similar buoyancy to continue during the coming year. Mr. Havenga forecast a gross income of £44,110,000, against an estimated expenditure of £42,820,000 from revenue funds, providing an apparent surplus of £1,290,000. Out of this, £50,000 is to be sacrificed by a restoration of the rebate on normal income tax to its old level; the total cost is £600,000, but the current surplus is to be drawn upon for £550,000, which is the estimated yield of the lowered rebate in the year just past. An additional expenditure of £300,000 upon

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armaments has been put down on this year's estimates, and the rest of the 1938-39 surplus is to be devoted to the same purpose. Additional help for farmers is to be given through state-subsidised rebates on the rail and road freights on various farm products and farm requisites, at a cost to the Treasury of some £800,000. The levying of importers' licences, an unpopular tax imposed by the Cape provincial administration, and one that had become something very like an additional import duty, such as provincial councils are not competent to impose, is to be abolished; and the Cape Province is to be recompensed with an annual grant of £160,000. Provision was also made in the budget for the whole proceeds of the native poll tax to be made available for native development, if the responsibility for native education should be handed over by the provincial administrations to the Union Department of Native Affairs, at an additional cost of £180,000. In this way the surplus would be converted into an anticipated deficit of £200,000. As negotiations for the transfer of native education have broken down, the additional grant to the Native Trust will not be paid, and the estimated deficit is thus reduced to £20,000.

Last year the Treasury evidently expected the reduction of normal income-tax rebates to be progressive until they disappeared entirely. This year it evidently felt that it could look forward into the future with more confidence, and was willing not only to restore the full 30 per cent. rebate, but also to bring £550,000 of last year's surplus into the current year's accounts in order to enable it to be done without strain.

If there is general satisfaction with the revenue accounts, it cannot be said that the position of the loan account is quite so healthy. Expenditure is estimated at over £24,000,000. A local $3\frac{1}{2}$ per cent. loan floated at par during the last year yielded merely £3,500,000, of which only £2,630,000 was taken up by the public. No less than £11,400,000 of the £17,200,000 raised last year was

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obtained by the cheap but relatively precarious method of issuing treasury bills. Negotiations are on foot for the resumption of overseas borrowing, but it seems impossible that loans can be secured on as easy terms as in the immediate past. The position has been relieved to some extent by the action of the Stabilisation Fund in following the example of the British Exchange Equalisation Fund and taking advantage of the higher market price of gold, but even so the funds available for the purchase of land in the released areas by the Native Trust are to be halved from £2,000,000 to £1,000,000. As the £4,000,000 already spent have only bought a million morgen of land, it would appear that there may yet be considerable delay before the 7,250,000 morgen promised for exclusive native occupation are made available for that purpose.

It cannot be said that all observers agree with the Minister's apparent claim that the rapid expansion of the loan votes since 1932 has in every instance resulted in "enhancing the permanent assets of the country". There is much to be said for the plea of Dr. N. J. van der Merwe, M.P., when he said: "I think that the Minister should bring our ordinary budget and our loan budget closer to each other, so that it is indicated to the public that our total expenditure is greater than our revenue".

IV. SEGREGATION AND THE COLOURED PEOPLE

IN a previous issue of *THE ROUND TABLE* * an account was given of the origin and the present position of the Coloured people of South Africa. It was then pointed out that

of the Union's non-European peoples the Coloured have been longest and most intimately in contact with Western civilisation, and have therefore become most thoroughly assimilated to it. . . . The attitude of the Europeans and their government towards the Coloured is, therefore, a good test of the extent to

* No. 111, June 1938, pp. 618-23.

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which they are prepared to take their stand "on the firm and inexpugnable ground of civilisation as against the rotten and indefensible ground of colour".

The article then went on to cite a number of fields in which European Governments in South Africa had practised discrimination against the Coloured people, mainly since Union, and concluded with the prophecy that, owing to the growth of colour-consciousness in South Africa, further acts of discrimination were bound to follow.

The prophecy is now in process of fulfilment. Already the ominous word "segregation" is on the lips of everyone. It is to-day widely believed that segregation is the best means of solving what the people are pleased to call the "Coloured problem". Segregation has become a word to conjure with in South Africa. General Hertzog, so it is stated, has "solved" the native question by his policy, already translated into law, of political, territorial and industrial segregation.* So far as the Coloured people are concerned, residential segregation has long been enforced against them in the ex-Boer republics of the Transvaal and the Orange Free State, while in the Witwatersrand area they may not occupy any building for any purpose whatsoever, except in certain defined localities. In the ex-republics, Coloured persons are, furthermore, kept out of certain employments by the European trade unions, and they enjoy no form of parliamentary franchise. In the Cape and Natal, on the other hand, the Coloured people have for a century enjoyed the right of occupying fixed property wherever they chose, and of engaging in any occupation, though the Government's "civilised labour policy" has now begun to restrict their opportunities of finding employment.† They still vote in the same constituencies as the Europeans, but have to satisfy conditions that are no longer imposed on the latter.

* Industrial segregation means the exclusion of natives (Bantu) from certain spheres of employment.

† See THE ROUND TABLE, *loc. cit.*

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The agitation for Coloured segregation was started by the Nationalists of the Cape Province, where the vast majority of the Coloured folk live. In a heterogeneous community such as ours, the appeal to racial prejudices and fears must always be one of the easiest means of achieving popularity among certain sections of the people. The National party has made full use of the racial weapon ever since its inception in 1912. First it was the Black peril, now it is the Jewish and Coloured menace. In May 1937 the segregation appeal scored its first success, when the Cape provincial council passed a resolution asking for legislation to *compel* municipalities to establish separate residential areas for White and Coloured people. In April of the following year the administrator of the Cape Province, with the concurrence of his executive committee, published a draft segregation ordinance in order that the Cape municipal congress then in session might express its opinion thereon. The ordinance *allowed* municipalities to decree segregation, not only in residential areas but also in such buildings, conveyances, and places of entertainment or recreation as were under the control of the municipalities. The municipal congress refused to express an opinion on the ordinance, on the ground that the delegates had not had enough time to consider it. When the measure was subsequently introduced into the provincial council the United party, who form the majority of the House, succeeded in postponing consideration of it until the municipal congress should have expressed its opinion. This the congress has now done : during its session which has just concluded it accepted the principle of the segregation ordinance by 126 votes against 33, the delegates of the four largest towns (mainly English-speaking) voting in the minority against the representatives of the smaller (and mainly Afrikaner) towns.

In the meantime the Nationalists had intensified their segregation campaign. The celebrations of last year in honour of the Voortrekkers, who were represented as

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having made the country safe for "White" civilisation, gave their politicians a great opportunity. At the Blood river on Dingaan's Day, 1938, Dr. Malan, the Nationalist leader, speaking on the site of the Voortrekker victory over the Zulu chief Dingaan, took as his text the second Great Trek, the trek of the poor Whites to the towns, and the victory that would have to be won if these Afrikaners were to be saved for "White" civilisation. Over whom? That question had already been answered at the Union congress of the National party in November, when, as Dr. Malan wrote afterwards, the Cape Nationalists called the North to their aid, and inaugurated a nation-wide segregation campaign against the Coloured people. A petition was drawn up for circulation throughout the Union, demanding the prohibition of marriages or extra-marital unions between White and Coloured people, as well as residential, political and industrial segregation. Political segregation means the creation of a small number of purely Coloured constituencies (as has already been done for the Bantu) and hence the setting of a definite limit to the influence of the Coloured vote. Industrial segregation has been defined by *Die Burger*, the leading Nationalist newspaper in the Cape, to mean the reservation of certain industries, and certain kinds of work in other industries, exclusively for Europeans, and, in "mixed" industries, the establishment of quotas for Europeans and various types of non-Europeans.

It is important to be quite clear on the nature of the feelings that the Nationalist campaign has succeeded in stimulating. In former days, in the days of General Hertzog's "Black Manifesto", the Nationalists appealed to the sentiment of fear—fear lest a handful of Europeans be overwhelmed by the great mass of Bantu barbarians. This kind of fear can hardly be used against the Coloured people, who total only 768,000, who cannot be described as barbarians, and a number of whom enjoy a higher standard of civilised living than, for example, the poor Whites.

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But it is possible to describe them as a menace to the purity of the European race. And that is the line which the agitation is taking. The emphasis is on purity of blood. Coloured blood is bad blood, and from its infiltration the European must be saved, no matter at what cost. One of the leading Nationalist spokesmen said recently that discrimination based on colour, and the necessity of keeping the European race in South Africa pure, were "axiomatic" considerations. As late as 1932 the Nationalist leaders were still ashamed to admit that their non-European policies were based on colour rather than on civilisation. They have travelled quite a long way since then.

It goes without saying that the campaign which the Nationalists have been conducting must be deeply wounding to thousands of Coloured folk. Its most notable feature is the contempt that has been poured upon them. Through a large number of Nationalist speeches and writings there runs this refrain: "Europeans are living and working side by side with the Coloured people. The shame of it!" Whoever wants corroboration of this, let him read the columns of *Die Burger*. These arguments have been reinforced by insistence upon the depreciation of the value of house property that is said to follow on the entry of Coloured people into a predominantly European area; this has tended to weaken opposition in many quarters normally not responsive to Nationalist propaganda.

The Nationalist agitation proved so successful that the Government has now found it expedient to bow before it and to adopt a segregation policy of its own, which has been endorsed by the party caucus. The Government has not yet published the details of its measure, but has merely stated in very general terms what is in its mind, no doubt in order to test the reaction of the country. It has declared itself opposed to political and industrial segregation, but in favour of a move in the direction of residential segregation, partly on the mistaken ground that the Coloured people themselves do not desire to mix with Europeans.

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While the Nationalists propose to bring about complete separation between the races within a definite period, General Hertzog declares that the Government intends "to interfere as little as possible with existing rights of ownership or occupation". To which General Smuts adds: "We are not going to interfere with the present *status quo*, but we are going to peg the present position, to see that it does not develop further".

In comparison with the Nationalist policy, this proposal is certainly lenient. Nevertheless, if it were to become law an important change would have been effected in the status of the Coloured people in the Cape Province and Natal. When General Hertzog first outlined his Bantu segregation policy in 1925, he stated categorically that such a policy would not be applied to the Coloured people, since they belonged with the Europeans. No people can be expected without resentment to submit to the loss of rights long enjoyed, particularly if the motives behind the deprivation place a stigma on their race. Moreover, with the recent history of this country to guide them, how can the Coloured people be sure that this new dose of discriminative legislation will be the last?

The announcement of the Government's segregation programme brought to a head the anti-segregation movement that for some time had been agitating the Coloured people. The movement had started as a protest against the Nationalist segregation campaign, and, as the latter gathered momentum, so did excitement steadily rise among the Coloured people. Numerous anti-segregation meetings were held and anti-segregation petitions were circulated. Attempts were made (and are apparently still continuing) to galvanise into more vigorous life a non-European front consisting of Coloured people, Bantu and Indians in order to fight segregation, which now affects all three peoples, though in varying degrees. A number of churches of British origin supported the Coloured protests. The federal council of the Dutch Reformed Church,

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on the other hand, passed a motion in favour of segregation.

The first official intimation of the Government's segregation policy was given on March 21. Soon afterwards there came an announcement that on an appointed date Coloured meetings of protest would be held throughout the country, while on a given Sunday there were to be special prayers in all the Coloured churches. On the evening of March 28 a protest meeting attended by a crowd of over 10,000 Coloured people (according to a newspaper estimate) was held on the Parade in Capetown. The meeting, which was perfectly orderly, broke up at ten o'clock, when most of those present joined a procession, which, it was intended, should march past Parliament House. Some distance up Parliament-street the police ordered the leaders of the procession to turn into another street. A section of the people, however, continued their course, sweeping the police out of their way and injuring four of them.

After the Parade meeting had closed, some property was damaged in various parts of Capetown. Police vans traversed the city breaking up bands of demonstrators. In a number of cases, so it was alleged, the police attacked quite innocent people. The Minister of Justice (General Smuts) at first pooh-poohed the allegations, but later, when more evidence was produced, he said that his department found it very difficult to get at the facts, since the aggrieved persons refused to bring their complaints to the police. He guaranteed fair treatment to any Coloured complainant who came forward; but he would not agree to a commission of inquiry. Here the story must break off for the time being.

NEW ZEALAND

I. EXCHANGE CONTROL

AT the end of 1938 New Zealand was able to look back upon a year described by the Prime Minister as one of record prosperity. Whether or not "prosperity" is the right word to use, it seems clear that the combined effect of the Government's policy and several satisfactory export seasons had produced a year in which internal wage levels, business activity, employment, and individual spending were higher than ever before. The figures for motor-vehicle licences, radio licences, totalisator receipts, telephone connections and notes in circulation reached new high levels, while the number of marriages constituted a record for the Dominion. The manager of one of the largest retail stores was reported as saying, "It's the best year we've ever had. The people are easy to please and apparently have plenty of money to spend." Nevertheless there were other signs—signs that the fates would not be so kind to the Government in its second term of office as they were in its first. The excess of deposits in the post office savings bank, which had taken place in 1937, had changed by the end of 1938 to a substantial excess of withdrawals; exports were declining not only in value but also in quantity; advances to the Government by the Reserve Bank for purposes other than marketing were rapidly increasing; and the latter part of 1938 saw a rapid fall in the sterling funds held in London by the Reserve Bank and the trading banks.* It was apparent that the country, as well as its citizens, had been drawing on its bank balance; and the close of the year was marked by

* See table below, p. 654.

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the gazetting of the export licences regulations and the import control regulations.* This, however, was not sufficient to deter New Zealanders from enjoying, in the words of a Labour newspaper, "the happiest and the best spending Christmas New Zealand has ever known".

With the Christmas season over, and the importers beginning to receive the first batches of their import licences from the customs authorities, the country settled down to take stock of its difficulties. The importers discovered that, as had been feared, imports were to be drastically reduced. The working rule adopted by the customs authorities, on instructions from the Minister (Mr. Walter Nash), was to issue licences for the first six months of 1939 based on each importer's figures for the first six months of 1938, with such modifications as the Government's policy required. The nature of these modifications was not disclosed, and all that importers knew was that some had received no licences at all, some had received licences for more-or-less reduced quantities, and some had received licences for all they wanted. No clear plan was discernible, and there were many anomalies and hardships. The importers, assisted by the press, made vehement protests about the difficulty of doing business under these conditions, and the Minister was subjected to strong criticism for his secrecy, which was described as "arrogant silence", "autocratic and inexplicable reticence" and so on. The Minister did not help matters by saying, in reply to certain overseas comment, "They are still guessing, and they will go on guessing". An Auckland body known as the Bureau of Importers decided to challenge the validity of the regulations before the Supreme Court, whereupon the Prime Minister replied: "What the Government has not authority to do it will soon have authority to do. That is all I will say about that at this stage." It is not surprising that New Zealand importers were in January very angry men.

* See THE ROUND TABLE, No. 114, March 1939, p. 335.

EXCHANGE CONTROL

Yet the more far-sighted members of the business community were even then able to take a more reasonable view. A past president of the Associated Chambers of Commerce pointed out that the time was not one for recrimination, that in a democratic country the electorate must take its share of the responsibility, and that if the Prime Minister would take the people into his confidence, and say that we must tighten our belts and pay for the glorious picnic of the last three years, he could be assured of public-spirited co-operation by everyone. But the Prime Minister rejected even this olive branch and said: "I do not agree with that philosophy and all I can say is that we are not going to tighten our belts". The Minister of Finance was more accommodating. In addition to replying by letter to points raised by a previous deputation of importers, on January 25, less than two months after the imposition of the regulations, he explained his policy to a conference in Wellington, convened by the Associated Chambers of Commerce and attended by over seven hundred business men from all parts of New Zealand.

The rapid fall in sterling funds was due, he said, to three causes: first, the repatriation of funds left in the country after the raising of the exchange premium on London in 1932; secondly, a concerted effort on the part of some New Zealanders to send their money out of the country; and, thirdly, the increased importation of goods. He did not propose to go into the origin of the last cause, but for the calendar year 1938 exports were approximately £8.2 million sterling short of the amount required to pay for imports and debt and other services for that year. During the coming year, moreover, certain loans, both government and local body, were falling due in London, and if these were to be repaid £18.5 million sterling would be required for the purpose. Further, the accelerated defence expenditure meant that large quantities of goods needed for the three defence arms would entail a heavy charge on sterling funds. To meet this situation the Government

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had three courses open to it : to increase tariffs, to allow the New Zealand pound to depreciate, or to control exchange and ration imports. The Government had decided to take the last course, but each one of the possible courses involved a restriction of imports. In the view of the Government, if imports had to be reduced, it was but common sense to select the imports desired. Unless they found a way of extending manufactures in the Dominion, there was no future for quite a large section of the young people. Imports would therefore be selected in the following order : first, the fertilisers and equipment necessary for primary production ; secondly, the capital equipment and raw materials necessary for secondary industry ; as to the rest, the principle would be that first preference would be given to the United Kingdom. He went on to say that the Government could now see for the first time what happened to the proceeds from the sale of exports, which had in the past been partially known to the trading banks and the Reserve Bank ; it was only during the last six weeks that the Government had begun to see the ramifications of credit and currency and their effect on sterling funds. He concluded with an appeal for co-operation and an undertaking to remove as far as humanly possible any hardships or anomalies.

The conference then proceeded to prepare a series of written questions to the Minister, and on the second day he attended in person to answer them. Among the important points arising from his answers were these. The duration of the system depended upon the attainment of its objectives ; the objectives were to conserve sterling funds in order to provide for debt services and other commitments overseas, for raw materials for New Zealand industry, and for the import of goods that could not be economically produced in New Zealand. It was not practicable to make public the basis upon which import licences were allocated, nor at present to publish a list of prohibited commodities ; nor was it possible to state more

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definitely than he had already indicated the amount by which he expected to reduce imports in the current year. Subject to the protection of local industry, special consideration would be given to oversea firms that were prepared to send goods to the Dominion and leave the proceeds for investment within the country. No transfers of licences would be permitted.

The conference passed resolutions condemning the regulations as impracticable, unnecessary and unjust, and advocating an alternative scheme under which the Government would (a) fix the amount of sterling each importer could use for twelve months, on a basis of the last, say, three years' average, less the percentage necessary to conserve sterling funds; (b) protect local manufactures by listing such goods as were to be prohibited from entry or allowed only under permit; (c) vary the direction of trade by listing goods subject to restriction from certain countries; and (d) set up an import tribunal of business men and government officials to hear and decide appeals. A committee of the conference subsequently published a series of statements in reply to the Minister. As to the Minister's three reasons for the fall in London funds, it was said that the repatriation of funds left in the country should have been anticipated by a Government which had taken office upon an undertaking to reduce the exchange premium and had not done so; that the flight of capital from New Zealand had been due to fear or discouragement caused by the Government's policy; and that over-importation had been due to the gross over-spending by the Government and its huge imports for public works. Generally, the causes were not unavoidable and unalterable—they were the logical sequence of events which the Government itself had set in motion, and of which it should have long ago anticipated the results. The scheme adopted was not the only suitable one: wholesale coercion was unnecessary, and a voluntary restriction as adopted by Australia in 1930 would have sufficed. The scheme of

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import selection to protect local industries, which the Government, as an afterthought, had grafted on the control of exchange, was ill-conceived, unscientific and uneconomic. It was the result of no proper survey or plan relating to the capacity of New Zealand industry to fill the gap. Finally, the Minister was taken severely to task for refusing to make public the basis of the allocations or to say how long the restrictions would continue.

It is as yet too early to judge the effects of the import control regulations and the degree of their success in attaining the objectives set out by the Minister of Finance, but certain trends may already be noticed. Financially, the trend is unfavourable. The following table gives a picture of the situation.

(In £N.Z. million.)

Year.	Net Overseas Assets of Banking System.	Reserve Bank "other" advances to Government.	Reserve Bank Ratio %.*	Notes in Circulation	Imports. Exports.	
	<i>Last Monday in March.</i>	<i>Last Monday in March.</i>		<i>Average for year ending March.</i>	<i>Total for year ending March.</i>	
1935	41·8	—	97·2	6·3	32·6	44·9
1936	44·1	—	98·5	6·6	37·4	49·7
1937	34·4	0·8	72·8	7·9	47·6	60·2
1938	26·6	—	74·1	9·1	58·1	65·0
1939	9·3	12·0	25·4	10·2	54·4	57·9

Month.	<i>Last Monday in Month.</i>		<i>Average.</i>	<i>Total for Month.</i>	
1938					
Jan.	23·0	1·1	67·3	5·6	7·5
Apr.	28·6	—	81·7	4·5	4·5
July	23·3	1·9	70·6	4·6	3·8
Oct.	11·9	6·8	46·1	10·8	4·3
1939					
Jan.	7·3	11·1	25·8	11·0	4·7
Feb.	9·1	12·8	25·8	11·0	4·8
Mar.	9·3	12·0	25·4	11·2	4·4

* By statute the Reserve Bank is required to maintain in gold and sterling exchange a reserve of not less than 25 per cent. of its notes in circulation and other demand liabilities.

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The "other" advances to the Government are advances other than those to the Primary Products Marketing Department, which are covered by unsold produce. A fairly large amount of these "other" advances must also be covered by the assets created by the progress of the housing scheme, but no official figures on the point are available.

It must be remembered that under past Governments over-importation was usually met by the raising of a loan in London, especially where the imports concerned were largely capital goods for public works and allied purposes. The present Government has from the beginning set its face against any such loans. It is not suggested, of course, that the steady depletion of sterling funds since Labour came into office has been due entirely to the import of capital goods, but for the calendar year 1937 only about one-third of all goods imported were finished consumers' goods, while for the calendar year 1938 this proportion was still less. These facts, while indicating where the money has gone, also show how difficult is the task facing the Minister of Finance in his endeavour to use the import control regulations to build up funds in London and at the same time develop local industry (or even keep local industry going at its past level). A rough estimate indicates that, even if imports of finished consumers' goods (including many essential commodities which cannot be produced in New Zealand) were cut by half, the problem would not be solved. Within his own party the Minister has been severely criticised for not applying control much sooner, when it could have been flexible and have caused much less hardship than the present emergency remedy. Indeed, it is difficult to understand why the declared policy of the Labour party was not seen to demand such a selective control in its first term of office.

The obstinate refusal of the sterling funds to rise in the manner hitherto considered normal in the months when exports are creating credits in London is due also to other

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factors. The demand for London funds to pay for imports ordered before the control was imposed has been heavy. It is not known to what extent imports for government departments have been restricted; certainly, imports for defence purposes have been large, and are bound to increase. Some types of exchange transaction that are not affected by either the import or the export regulations, and that normally went through the banks, have probably been diverted to other channels, where it is believed that an "unofficial" exchange rate has developed. Local industry requires new capital equipment, which must be imported. Finally, there is the decline in primary production. Indeed, it seems that sterling funds will not rise very much this year.

II. PROBLEMS OF PRODUCTION AND LABOUR.

The decline in the volume of primary production has been mainly confined to the dairying industry. For the export year ending July 1938 the quantity of butter-fat exported was 7 per cent. less than in the previous year, while for the seven months ending February 1939 the decline was 9 per cent. in comparison with the corresponding period in 1937-38. For the same comparative periods the killings of pigs fell by 20 per cent. The number of dairy cows has been falling steadily since 1936. The indications are that there is a definite tendency to change over to sheep. On April 30, 1938, there were over 32 million sheep in the Dominion, more than ever before, and it is estimated that even this figure will be exceeded at the end of the current season. The killings of lamb increased by 10 per cent. between the two seven-months periods mentioned, although this season's total is not expected to exceed last season's. On the other hand, the United Kingdom market for meat is now restricted, and the plight of the sheep-farmer proper—that is to say, the breeder and wool-grower—is said to be desperate.

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In January the president of the New Zealand Farmers' Union addressed a letter to the Prime Minister in which he said that the high costs of sheep-farming could not be met out of the comparatively low revenue, that the sheep-farmer could not pay competitive rates for labour, that rates and land tax were a heavy burden, and that on all types of land, including the very best, finance was not available for maintaining the fertility of the land. His executive was of the opinion, he said, that millions of acres of grazing land would soon be forced out of production, and he asked that the Government urgently appoint a Royal Commission to enquire into the problem.

The Government, however, has attacked the task of developing local industry with vigour and enthusiasm. A "Buy New Zealand Goods" campaign was opened in December and has been actively continued. Early in March the Prime Minister began a tour of inspection of local factories which was given good publicity in the press. It is clear that many new minor industries will be established, and most existing ones will expand. Of major industries it is as yet too early to judge, except that the Bureau of Industry is considering applications for a licence for the manufacture of motor tyres, and most of the important oversea tyre firms are among the applicants. Another new project is the re-survey of the Taranaki iron sands in the hope that modern research may have discovered some new method of smelting this potentially valuable but hitherto intractable deposit. The Onekaka steel project* is still hanging fire, and London experts are now in the Dominion making further investigations.

It may be said that in all this interest in local industry the Government is making a virtue out of necessity. This, however, is not the whole truth. The development of local industry in order to provide New Zealand with a more balanced economy has long been part of the Labour

* See THE ROUND TABLE, No. 111, June 1938, p. 645.

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party's policy, and Mr. Sullivan was by no means inactive in his first term of office. Indeed, in 1938 the number of workers engaged in secondary industry exceeded 100,000 for the first time. At the annual meeting of the Manufacturers' Association last November the President said that during the past three years the Minister's courtesy, push and vision had helped them through many difficulties. While, he added, there was a feeling among them that there had been a lack of progress, they had no complaint against him personally. They had no hesitation in offering him their full co-operation in the efforts he was making to assist industries in the Dominion. The point is that, whereas action to implement the policy was formerly desirable, it is now imperative.

Nevertheless, the import regulations found the Government without any detailed and coherent plan for local industry. In a speech to the Labour party caucus in February, Mr. Sullivan said that the task was one of herculean proportions, involving problems of raw materials, labour supply, finance, markets, prices, and standards of quality, but it had been manfully tackled with excellent results. He had set up a departmental committee to consult with representatives of industry and advise the customs department what goods could be made in New Zealand and what could not. This committee had been working almost day and night since the introduction of import restrictions, discussing with manufacturers the extent to which they could expand and supply New Zealand with the commodities required. It is clear that the country was entitled to expect something better than this hasty improvisation.

Of the problems mentioned by the Minister, that of labour is of immediate importance. The labour required will be very largely skilled males and semi-skilled females (the proportion of these for one city was given as five males to four females), and it is just this type of labour which it is most hard to obtain. In its search for skilled

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labour for its housing scheme, the Government has had to import several hundred men from Australia, while the demand for young women in shops, offices and factories has for some time exceeded the supply. To find more men it is natural to turn to the 20,000 or so who are employed on public works. The Prime Minister has said that it is the general policy to take men off public works and put them into industry, and it was announced late in February that the Government had asked the Manufacturers' Federation to make arrangements to take 8,000 men in six weeks. The manufacturers, however, complained that men who had been employed on public works were disinclined to enter factories, and when forced to do so had not always been satisfactory. The President of the Manufacturers' Federation said: "If an industry is prepared to work an additional shift mainly for the purpose of training new workers, but requires a subsidy while this male adult labour is being trained, then I think the Minister of Labour will give such a request his sympathetic consideration". It appears, therefore, that the Government cannot hope to transfer any large number of its employees to the pay-rolls of private industry without paying something for the privilege.

The labour problem has also its wider aspects. There are the major issues of co-operation between employers and employees, and of the willingness of the worker to give full value for his high wages. There have been many allegations of slacking, and one prominent business man went so far as to say that there was now less work done for more money than at any other time in the country's history. Cabinet Ministers have been frank in their condemnation of those described by the Minister of Public Works as "scroungers". The Prime Minister on his visits to factories has not lost the opportunity to urge upon the workers the necessity of an increased output. Soon after he took over the portfolio of Labour from Mr. H. T. Armstrong, Mr. P. C. Webb said that "we cannot

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take more out of the national income pool than we put into it. We must increase production and we must avoid industrial friction." He followed this up in the next month (January) by calling, in the principal cities, conferences representative of every branch of industry, both workers and employers. In his address to the Wellington conference he appealed for co-operation in the national interest, and suggested that a council might be appointed, at which every question affecting industry might be discussed with an unbiased mind, and representatives might approach all problems from the point of view of New Zealand. The conferences enthusiastically supported the Minister's plan, decided to set up both national and local councils, and displayed a general feeling of goodwill and determination to overlook sectional interests. The Minister is a believer in the conference procedure, and in an outspoken statement on February 22 he announced his intention of calling a national conference between shipowners and water-siders to end "the inefficiency which unfortunately prevails in many New Zealand ports". The Minister's action was not by any means premature; for shipowners have complained bitterly of the labour cost of handling cargo on the New Zealand wharves.

In addressing the conference in Wellington on March 9, the Minister said that, whatever the causes, if things were to continue as they were the water-front would be held up as the laughing-stock of New Zealand, if not also of other parts of the world. The conference was also addressed by the Minister of Finance, who pointed out that there was not a single hold-up on the water-front, whether by the shipowners or by the water-siders, which did not have a detrimental effect on the national economy; and by the Minister of Public Works, who said that if he worked on the principle now adopted on the water-front it would cost him twice as much as it did to make a mile of railway or road. The Minister for Housing (who was formerly Minister of Labour) suggested that, if the trouble could

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be traced to the wilful inefficiency of individual workers, then the union should be given power to discipline them, by expulsion if necessary. As a result of the conference's deliberations, a new national organisation is to be set up to report to the Minister upon new methods of employing labour and of utilising more efficiently the labour available, and to use every endeavour to prevent stoppages. Nevertheless within a fortnight a major stoppage occurred at Wellington, where the water-siders, irritated over what they thought was unreasonable delay in the issue of their new wages award, adopted "go-slow" tactics, and consequently were dismissed *en masse*. After a meeting at which they were alternately cajoled and threatened by the Ministers of Labour and of Marine, they agreed to return to work, but by then the whole port had been idle for several days. In addressing himself to the problem of water-front labour, the Minister has indeed tackled a thorny task, and his policy is in this respect still wanting in results.

Agricultural labour also is likely to give the Minister much trouble. Seasonal labour was with difficulty found last year by taking men off public works, but according to the farmers the problem of permanent labour has become acute. At this point there is felt most keenly the impact of the comparatively unsheltered market for primary produce upon the sheltered wage-market of the New Zealand worker. The farmers complain that they cannot afford to provide either wages or conditions comparable with those provided either upon public works or in industry. In February an abortive and somewhat bellicose conference took place between the Farmers' Union and the New Zealand Workers' Union on the subject of a new wage agreement. The conference met again in March under the chairmanship of the Minister of Labour, and appointed a committee to continue the discussions, but no solution is yet in sight. The workers demand increases upon the scale provided by the Agricultural Workers'

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Order of 1937, increases which the farmers say they are quite unable to give.

III. BRITISH COMMONWEALTH RELATIONS

IN spheres somewhat wider than the purely domestic there have been two interesting developments. The first is the arrival of Sir Harry Batterbee, the newly appointed High Commissioner for the United Kingdom in New Zealand. New Zealand is now in line with the other Dominions in carrying out the spirit of the resolutions of the Imperial Conference of 1926 by having in New Zealand a direct representative of the United Kingdom Government. The flippant citizen delighted in repeating the rumour that the appointment had a more sinister significance, but at the state luncheon to Sir Harry Batterbee the Prime Minister said that rumour was not always correct, and stressed the value of personal contact with a representative of the British Government, who could give expression to the mind behind the communications and interpret the one Government to the other.

The second development is the announcement that a conference is to be held in New Zealand between representatives of the United Kingdom, Australian and New Zealand Governments to discuss Pacific questions of mutual interest, with special reference to defence. The holding of this conference is of peculiar interest in the light of the discussions at the British Commonwealth Relations Conference in Sydney,* where it was suggested that each Dominion should take a wider regional responsibility for defence as a natural extension of its home-defence requirements, and that this involved a strategic study over the whole area in which the Dominion was situated with a view to possible active defence measures in that area. The forthcoming conference may achieve more than a plan for pooling Australian and New Zealand resources

* See THE ROUND TABLE, No. 113, December 1938, p. 38.

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in an emergency : it may pave the way for regional Imperial Conferences as a new technique of Commonwealth co-operation.

The fact that it has been called at the instigation of New Zealand is encouraging evidence of the Government's attention to the defence problem. The Government is not given to making pronouncements upon the subject, and in this respect has stood during the last six months in marked contrast to the other Governments of the British Commonwealth. Nevertheless a great deal of quiet work is being done. The territorial force has now reached a state of efficiency surpassed only in the best years of compulsory training, and the development of the air force is proceeding apace. Most of the Vickers "Wellington" bombers will arrive this year, and the aerodromes and equipment will be ready for them. Great progress has been made with the territorial air squadrons, and the Government will this year receive a further 109 reserve planes released by the United Kingdom Government for training purposes. An instance of the energy with which the ground equipment—hitherto the principal retarding factor—is being prepared is given by the new aerodrome and hangars at Blenheim for the Marlborough territorial air squadron; although work on this aerodrome has only just started, it is intended to be completed and fully equipped by September, at a cost of £100,000.

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In future THE ROUND TABLE will print every quarter a list of official papers, published under the authority of the different Governments and Parliaments of the British Commonwealth, on matters of common concern to the member nations of the Commonwealth, or on the internal affairs of the Dominions, India and the colonies in so far as these are of outstanding interest to their fellow members. The list below covers a three-months period ending, for the United Kingdom and Ireland, at April 30, and for other Dominions at earlier dates. United Kingdom publications may be obtained from H.M. Stationery Office, Dominion publications from the respective government printers or through the High Commissioners' offices in London; any publication may be obtained through THE ROUND TABLE, 2 Paper Buildings, Temple, London, E.C.4. Unless otherwise stated, postage must be added to the prices quoted.

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THE ROUND TABLE is a co-operative enterprise conducted by people who dwell in the different parts of the British Commonwealth, and whose aim is to publish once a quarter a comprehensive review of imperial politics, free from the bias of local party issues. To this is added a careful and impartial treatment of outstanding international problems that affect the nations of the Commonwealth. The affairs of **THE ROUND TABLE** in each portion of the Commonwealth are in the hands of local residents, who are responsible for all articles on the politics of their own country. It is hoped that in this way **THE ROUND TABLE** serves to reflect the current opinions of all parts about imperial problems, and at the same time to present a survey of them as a whole, in the light of changing world conditions.

THE ROUND TABLE

A QUARTERLY REVIEW OF THE POLITICS OF THE BRITISH COMMONWEALTH

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FREEDOM STANDS FAST

I. THE FREE WAY OF LIFE

THE world is passing through a crisis of great danger. The foreground of daily detail is confused, but to the British people the background of ultimate issues is clear. If we are driven to fight in a new world war, we shall be fighting because we believe that a stand must be made for the principles of civilised life as we understand them. Those principles cannot survive in a reign of force and aggression in international life. We in the British Commonwealth shall be fighting for the defence, first, of our own countries, and of the Commonwealth itself, in which the principles of freedom flourish under the shelter of the British peace. But in order to secure our own territories and peoples we have realised that we must make common defensive cause with other nations whose interests in this are the same as ours, either because they are geographically near to us, or because, being weak, they are likely to be early victims of aggression if it goes unrestrained.

Our way of life is different from other peoples', and we believe it to be superior. But it is not for this reason—not in pursuit of any ideological crusade—that we may be driven to fight; it is simply because we believe that our way of life and the lands in which we exercise it will be threatened to the heart if aggression advances further. Our way of life, as Lord Halifax reminded us in his great speech of June 29,* may be threatened from within as well as without; and our first duty therefore is to examine and set forth "the old standards of conduct and of ordinary

* Passages from this speech are reprinted below, p. 813.

FREEDOM STANDS FAST

human decency, which man has laboriously built up", in order to make sure "that our own standards of conduct do not deteriorate".

The essentials of the British way of life are threefold. The first is the rule of law : freedom from arbitrary arrest and punishment, from privileged castes and uniforms that are above the ordinary laws, from concentration camps and firing squads, and from all the other sneaking, cruel machinery of the secret police system. With this essential of freedom based on law may be associated the fair and equitable treatment of minorities, the recognition that men of all creeds, races and colours have their rights as fellow-men and fellow-citizens. The second essential is freedom of conscience and of utterance. Within the wide limits set by public morals, the law of defamation and the prevention of incitement to violence, we uphold in the British Commonwealth freedom of religion, freedom of organisation, freedom of speech, freedom of the press. Attacks upon these, however earnestly excused, are attacks upon one of the things that make the British Commonwealth worth while.

The third essential is economic freedom, within the scope of man's present mastery of nature. Here as elsewhere, freedom is founded on a balance of rights and duties, and it is not always certain, especially in international economic affairs and in the relations between classes, when the balance is fairly poised. There are indeed many differences of opinion over the best way to secure economic freedom, some praising individual liberty of choice in labour or business, others praising trade-union solidarity and social control. But we have established firmly, and now regard as necessary to our way of life in the Commonwealth, a minimum standard that includes the freedom of men to combine and agitate for their economic ends, especially in trade unions, the freedom of men from forced labour, and their freedom, if they are poor, from the worst consequences of social insecurity. This is a field where,

THE RISING TIDE OF AGGRESSION

as wealth grows and social organisation develops, freedom can expand once its roots have taken hold.

In the maintenance of this threefold standard of the free life, we in the British Commonwealth have found parliamentary institutions valuable beyond price. Parliament won for the people most of their freedom, and is their most vigilant watch-dog in guarding it. But the particular form of governmental machinery by which the way of life is upheld and defended is not of its essence. We must beware of identifying democracy with our own particular means of hearing and answering the voice of the people, and of then turning democracy into a shibboleth.

II. THE RISING TIDE OF AGGRESSION

THE free life, in every one of its essentials, is to-day challenged by the forces of aggression that menace the world. The countries that have glorified aggression abroad have at home abolished the rule of law, freedom of conscience and utterance, and the bases of economic freedom. What they do among their own people, however, is no cause of war. It would go too far to say that these things are none of our business; for that would be to deny the unity of western civilisation and the common humanity of all men. But it is neither our duty nor our desire to spend our own strength, and prejudice our own freedom, in order to change the mode of government of other countries. To compass the overthrow of totalitarianisms has never been part of British policy in peace time. If there comes a war, it will be part of British war aims only in so far as it is necessary in order to secure objectives of a different kind—the lasting peace and safety of ourselves and our allies.

We are driven to resist designs of national aggrandisement by force in Europe, not because other countries have chosen wrongly, as we think, their own way of life, but because by their aggression they challenge ours. Their threat is pointed against the British Commonwealth and

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what it stands for in two ways. First, our way of life, sturdy as it is, may sicken in a world dominated by force, even though it may not suffer military assault. The use of force calls up force to resist it; totalitarian organisation of aggressive power requires a totalitarian organisation of defensive power. To strengthen and expand freedom, which the nations of the Commonwealth hope to achieve in the future, severally and jointly, requires as its necessary background a world, not of ease and complacency, but of order and fair dealing between nations. This condition is incompatible with the doctrine of aggression and of breaches of international faith justified only by national ambitions.

Secondly, it has now become clear to the British people that the aims of National-Socialist Germany in the international sphere do not stop short at abolishing the penalties of the Treaty of Versailles, or at reuniting in one Reich people of German blood and of neighbouring territory, or at economic objectives that may be justified by rational arguments. They now seem to have no horizon but mastery of the world. Each successive advance, it appears, becomes but a platform for a fresh attack, which would doubtless be turned against Great Britain and the British Commonwealth as soon as opportunity, reckoned in terms of relative power, seemed ripe. In this light, any further accretion of German strength—for instance through control of Danzig, which is the key to subjection of all Poland—appears as a retreat from the ramparts of the British Commonwealth itself. Perhaps our slowness to realise these facts, or at least to act accordingly in building an impregnable defence against aggression in earlier years, accounts for our present troubles. Perhaps, on the other hand, it was necessary that Germany should take all and more than she could fairly claim, and that the western Powers should retreat to the point of humiliation and peril, before the moral cause of any world war against aggression should be perfectly clear. Haggling over the

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past does not solve our dangerous problems of the present. The fact is that the seizure of Bohemia and Moravia last March, though but the culmination of a long series of international mischiefs committed by National-Socialist Germany, changed a vast and decisive body of British opinion from believing that there might be some reasonable way of satisfying German demands to the view that nothing short of the political and economic subjection, first of Europe and then of the British Commonwealth, was likely to satiate the National-Socialist régime, until it had been met with a resolute and impenetrable defence, blocking the path of aggression. The problem of Germany's future, in central Europe and in the wider world, can be and must be solved; but not along that path.

III. BRITISH FOREIGN POLICY

IN order to see how this change of opinion, which was instantly reflected in British foreign policy, came about so decisively at that time, it is necessary to review very rapidly the main sequence of Germany's international *coups*. These were brought about by a régime which now appears to us as the arch-enemy of order based on law, but which was always fed by the honourable motives of throwing off the excesses of the peace treaties and restoring self-esteem to the German people. The first *coup* was the re-militarisation of the Rhineland, in March 1936. Many British people felt then that, however violent might be the shock to confidence and to international law, it was certainly not worth a bitter and bloody struggle to prevent a country from occupying its own territory with military forces nearly twenty years after the last war. The second great *coup* was the seizure of Austria in March 1938. Here again, though the breach of faith was still grosser, and the shock to the rule of law between nations still more shattering, many British people argued that large numbers of Austrians, perhaps the majority, wanted the *Anschluss*,

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which had been barred by a treaty that left Austria dismembered and barely capable of independent life. Even over the Sudetenland, which Herr Hitler demanded and eventually took in September and October 1938, there was a feeling among a larger number of British people that Germany "had a case", and that a painful sacrifice to meet her case might be necessary in order to remove for ever a dangerous source of friction.

She had no case over Bohemia and Moravia. The march to Prague came as a violent shock to the British Government and people for three reasons. First, it was a cynical breach of pledges given personally by the Fuehrer to British statesmen: in a direct sense, it was "our affair", a deliberate affront to British policy. Secondly, it utterly shattered faith in the word of the National-Socialist Government, and thus made further negotiation with them appear futile except with the backing of superior force. "This is my last territorial ambition in Europe," said Herr Hitler of the seizure of Austria. "I do not want any Czechs", he said during the Munich crisis. His word had now become worthless in British eyes. Thirdly, the events of last March showed that there was now no limit to German appetite. It was not confined any longer to overthrowing the Versailles *Diktat*; nor was it confined to the racial ambitions which many people had regarded as a most dangerous but nevertheless a calculable feature of the National-Socialist cult. There seemed to be no restraint left, save the possibility of armed and unshakable resistance to aggression, upon its reaching out to grasp at world dominion.

The reaction on British policy was immediate. As Lord Halifax said in his speech in the House of Lords on March 20,*

If and when it becomes plain to States that there is no apparent guarantee against successive attacks directed in turn on all who might seem to stand in the way of ambitious schemes of domination, then . . . in all quarters there is likely immediately to be

* See THE ROUND TABLE, No. 115, June 1939, p. 604.

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found a very much greater readiness to consider whether the acceptance of wider mutual obligations, in the cause of mutual support, is not dictated, if for no other reason than the necessity of self-defence. His Majesty's Government have not failed to draw the moral from these events.

It seemed at that time that preparations were afoot for sudden coercion against the Polish State, which Poland herself, in advance of any British guarantees, took vigorous steps to resist. The guarantee to Poland, followed by the Anglo-Polish mutual assistance pact, thus became the first excursion of British policy into specific commitments to countries in eastern Europe. It was followed by guarantees to Greece and Rumania, again under the stimulus of barely concealed German or Italian threats to the independence and integrity of these countries, by the alliance with Turkey, and by the negotiations for a pact with Soviet Russia. The result of these decisions, each flowing from the last, was a sharp reorientation of British foreign policy and a consequent revolutionary change in British military policy.

While the commitments to eastern European countries raised new political and strategic problems, however, in an important sense they were but projections, further afield, of the traditional policy of pledges to Belgium and France, unilateral in the one case and mutual in the other. These pledges are founded, not on the similarity of governmental institutions between Great Britain and her nearest continental neighbours, nor on any special communion of spirit among their several peoples, but on the belief that any threat to the independence or territorial integrity of France or Belgium is in effect a threat to Great Britain and to the British Commonwealth. Similarly, the British Government has now reached the conclusion—some people would say, belatedly—that any threat to the independence or territorial integrity of Poland, Greece or Rumania would likewise be a threat to the British Commonwealth, and has conducted its policy accordingly. France has adopted a similar view, and so has Turkey as regards her own region.

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Hence it is no matter for astonishment that Great Britain should consequently have entered into pledges to Powers whose system of government is very different from our own. Our pledge to Belgium would be no less necessary if Belgium were under a dictatorship. Indeed, of the countries to whom we have long been under a military obligation, two—Portugal and 'Iraq—are dictatorially governed. It is in recognition of these facts that people whose predilections—religious, economic or ideological—are strongly hostile to Soviet Russia have accepted an Anglo-Soviet pact as a desirable culmination of our new eastern European policy. The basis for such a pact exists in a community of interest in resisting aggression; it can rest securely on nothing else, nor is anything further required.

Our pledges, once given, will be redeemed in the letter and the spirit. They are therefore of life-and-death importance for the countries to which they have been given, just as they are for ourselves. From our own point of view their purpose is to prevent domination of all Europe by force, which would be as fatal to ourselves as to our associates; and thus to defend our own security in the British Commonwealth, and with it our whole way of life. They are the direct outcome of a rising tide of aggression, which has at last convinced the British peoples of their own danger if it is not arrested.

If, in spite of the building of the Peace Front, Herr Hitler throws down the gauntlet before winter settles on Europe, our whole effort of sacrifice and fortitude as well as dashing bravery will have to be thrown into the task of winning the war. If, on account of it, he decides that the risk is not worth while, and if the crisis of the next few weeks passes off without war, then we must beware of the temptation to slacken our efforts to "win the peace". Peace cannot be won, in the end, by the weapons of war, but only by its own instruments of understanding and adjustment. When once aggression has been decisively rebuffed, and a "new atmosphere" established, then we

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can examine, as Lord Halifax promised, "the colonial problem, the problem of raw materials, trade barriers, the issue of *Lebensraum*, the limitation of armaments, and any other issue that affects the lives of all European citizens". This is the now famous "dual policy" that Great Britain has undertaken. Moreover, the process must be a self-examination as well as an examination of the claims of others. No one can suppose that all is perfect in British economic policy or British colonial policy, viewed from within. THE ROUND TABLE, for its part, will continue as in the past to address itself, not only to the problems of world affairs that confront all members of the British Commonwealth, but also to problems of imperial relations and colonial government that concern the internal structure of the Commonwealth itself. Only along such paths can our full duty to freedom be done; for that duty is not merely defensive but constructive as well.

Much that would be desirable in a peaceful world, however, is impossible while aggression still rears its head. We shall need a stern display of self-sacrifice and fortitude for many months yet before we can be sure that the threat of aggression and the rule of force is at last laid low. The plan of those who wish to subjugate the democratic western Powers is to destroy resistance, not by a frontal assault if they can help it, but by a succession of nerve-strains calculated to sow disunity among and within the peace-loving countries, to break their will-power, and to secure compromises like that of Munich which lead on to further cheap strategic gains. It is the duty of the British people, and of the people of France and our other allies, to show that they can withstand those nerve-strains with greater calm and endurance than can the regimented masses of the Axis Powers. To do so needs a spirit of self-sacrifice and of dogged courage which by their past history our people have shown they possess in full measure, and which their future will call upon them to show again, if freedom is not to perish from the earth.

ANGLO-JAPANESE RELATIONS

I. THE ALLIANCE AND AFTER

AT a time when public attention, turning to the Far East, is focused upon our dispute with Japan over the maintenance of British interests and the protection of British lives in China, it is natural to think chiefly in terms of the present emergency. But it may not be unprofitable to examine the general nature of our relations with Japan, to enquire whether, quite apart from current issues, they can be improved consistently with our obligations elsewhere, and—if they can so be improved—what steps can be taken to that end in the present difficult circumstances.

There is a temptation for those who have no time or opportunity for special studies to be content with a very general knowledge of causes and events in Far Eastern politics, and to regard them as something remote and uncontrollable. It follows that, when a startling event brings the Far Eastern situation into the forefront of its attention, British public opinion is apt to be taken by surprise, and to realise rather belatedly that far-reaching and important changes have taken place under its eyes but almost without its knowledge. The development of Japan's campaign in China is a general illustration of this theme, and the outbreak of the Tientsin affair is a special case in point. The Tientsin affair, though at first sight a predominantly local issue, is in fact a critical stage in a deterioration of Anglo-Japanese relations that has been in progress for a decade or more.

It can, indeed, be traced back to an even earlier date, since it is at least arguable that the Anglo-Japanese alliance in its second phase was incompatible with Japan's ambitions

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and Great Britain's obligations. This is past history, into which for our present purposes we need not closely enquire; but it is worth a passing reference, because many observers, including experienced British residents in China and Japan, allege that, if only the alliance had continued after 1922, Great Britain would have been able to exercise a restraining influence upon Japan, and could thus have prevented or moderated the aggressive continental policy that has culminated in the present tragic conflict. It is hard to share in this retrospective optimism when one recollects that, while Japan, under the terms of the alliance, was actively associated with Great Britain in prosecuting war against Germany, she presented to China the sinister Twenty-one Demands of 1915. That action unmistakably presaged the future course of Japanese policy in China.

It is true that, had British energies not been concentrated elsewhere, Japan might have hesitated to make such a move; but from that moment the ambitions of Japan were revealed, and though under the moderating influence of a continued alliance with Great Britain she might not have moved so fast or so far, it is certain that the alliance would have been subjected to greater and greater strain as Japanese policy came more and more into conflict with British interests. It is probable, to say the least of it, that the alliance could only have been maintained at the cost of increasing concessions by Great Britain—material and moral surrenders which might have delayed or even averted the present acute crisis in Anglo-Japanese relations; but, whether the alliance moderated or merely obscured Japan's continental aims, the fact cannot be denied that since the lapse of the alliance in 1922 Japanese ambitions and major British interests have been fundamentally irreconcilable. The fact that the alliance was dropped in the interests of our relations with the Dominions and the United States tends in itself to show that such benefits as we could then hope to draw from it were held to be of secondary importance.

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In any case, it seems fair to say that in 1922 Japan had more to hope for from its continuance than had Great Britain, and it is significant that its lapse caused very bitter feeling throughout Japan, but nothing beyond some largely sentimental regrets in limited circles in England. The bitterness has never entirely vanished from Japanese memories, and recent anti-British sentiment in Japan has undoubtedly been strengthened by a feeling, however mistaken, that in throwing over our ally we behaved treacherously to an old friend.

Japan, ever since her humiliation at the hands of Russia and Germany after the China war in 1894, has always felt the need of European support, and even after the conclusion of the Washington Nine-Power treaty she did not abandon efforts to secure British collaboration in China. Time after time, from that date until the Manchurian incident of 1931, she made more or less earnest bids for British "co-operation". On our side we were not unwilling to attempt to find some basis of agreement, and we might have reached a solution of some of our joint difficulties if the Japanese had been able to give us a precise definition of what they meant by "co-operation". This was never forthcoming, perhaps because the Japanese did not know exactly what they wanted from us, perhaps because in the moderate quarters in Japan from which these bids emanated it was felt that the extremists would want so much that the matter had better be left vague for fear of a blank refusal at the outset. What all parties in Japan wanted was a European Power to support their China policy, because they did not feel confident of carrying it through alone.

That policy, however, had not yet taken definite shape, because it depended upon the outcome of a conflict of forces within Japan itself. The main objective of the policy was clear enough. It was the establishment of a dominant influence, economic and political, in China; but there was no unanimity within Japan concerning the

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geographical range of such influence or the method by which it was to be obtained.

It may be said without undue simplification that, with occasional pauses, Japanese domestic politics have for the past ten or fifteen years centred upon a struggle between two factions in Japan, of which the extreme representatives were the conciliatory school of Baron Shidehara on the one hand and the forward school of the younger militarists on the other. In 1931, the conciliatory efforts of Baron Shidehara brought forth the maximum of opposition from the aggressive party, and the struggle culminated in the Manchurian incident of 1931, which put the militarists into a position of power which they have since gradually consolidated, until to-day they are supreme in Japan and will tolerate no open objection to their aims or their methods.

It is convenient to use the term "militarists", because the initiative in Japan's present policy was taken by the army, and that policy is in fact shaped and directed by them. But it would be a mistake to suppose that there is any serious division of opinion between the "militarists" and the rest of the nation. In all Government circles there is a majority body of opinion which is in general agreement with the principles for which the army stand—principles of a totalitarian cast in domestic policy, and of a definitely imperialistic nature in foreign policy. Obviously there must exist differences of opinion over method and timing in the execution of both. This has been recently demonstrated by the internal struggle over the question whether Japan's understanding with the anti-Comintern Powers should be enlarged into a military agreement. But by and large those who have to deal with Japan must face a substantial unity of opinion and sentiment in matters of foreign policy, especially where it concerns Japan's position in Eastern Asia. No doubt some elements in Japan do not wish to go so far or so fast as the army is taking them; but they all want to go in the same direction.

ANGLO-JAPANESE RELATIONS

II. GREAT BRITAIN AS THE ENEMY

THESE are fixed points which have to be borne in mind when considering the question of current and future Anglo-Japanese relations. Great Britain must not reckon upon any split of opinion within Japan, but must face the fact that she is at present dealing with a determined and united people, stimulated and excited by a war atmosphere and yet not depressed—so far at least—by fears or hardships serious enough to raise doubts in the popular mind about the wisdom of the national policy. There are, it is true, people in Japan who have private anxieties for their country's future, anxieties which they are reluctant to express in public; and the common people are puzzled by the obvious disparity between their country's sweeping military triumph and its meagre results in terms of political and economic gain. But on the whole the doubters are disposed to accept the Government's injunctions to them to be patient and to prepare for a long struggle; and it is not hard to make them believe that most of Japan's difficulties can be traced to Great Britain. It was, so the argument runs, the obstacle of British privileges that made the military campaign in China more difficult and therefore more expensive in Japanese lives. It is the obstacle of British interests that now stands in the way of a rapid economic exploitation of the victory.

For the present, therefore, it may be said that not only must Great Britain be prepared to face a united people; she must also realise that the antagonism between Japanese ambitions and British interests has, ironically enough, been a factor in preserving that very unity. Too much attention should not be paid to demonstrations of public opinion in Japan, which blows hot and blows cold and is not difficult to manipulate; but recent events in Japan show that those responsible for the present anti-British campaign are having no difficulty in mobilising a considerable popular sentiment which is more intense, more militant, and seems

WHAT CO-OPERATION MEANS

to have a more genuine basis than the manifestations of the latter part of 1937. Making all proper allowances for temporary excitement and for a natural desire on the part of the Japanese authorities to throw the blame for failures and delays in China upon a third country, one is bound to conclude that the present clash is not a mere incident but an expression of fundamental conflict between the interests of the two countries, which cannot be resolved without a change of policy on one side or the other, or on both.

III. WHAT CO-OPERATION MEANS

THE solution offered by the Japanese Government, now as indeed at any time since the lapse of the alliance, is "co-operation by Great Britain with Japan". It is not a mere verbal accident that the suggestion is never put in the form of "co-operation by Japan with Great Britain". Japan demands in effect that Great Britain shall adjust British policy to Japanese policy in the Far East. Such a demand is naturally distasteful to us, and deserving at first sight to be rejected out of hand: but presumably even the Japanese in their present frame of mind do not expect to get all they ask for, and we ought even now to be examining Japan's demands calmly, to see where they can be made to square with our obligations and our requirements. It is obvious that, even assuming all of Japan's demands to be justified, we cannot accede to them so long as they are accompanied by threats and so long as they involve third parties; but for the very reason that the situation is now difficult and dangerous we ought to get our minds clear regarding the terms that we should be prepared to accept in more propitious circumstances.

This is not the place for a detailed examination of our respective claims. These can only be worked out at a conference table furnished with a mass of facts and figures, since on the one hand the rulers of Japan are not yet agreed upon what they want in China, and on the other hand

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British interests in China are so diverse and complex that they cannot be described under one simple formula. But it should not be impossible to state in general terms what each of us wants.

Japan wants "a new order in Asia". This is a convenient way of saying that Japan wants to establish political and economic supremacy in Eastern Asia. It is obvious that complete supremacy can be obtained only at the expense of other Powers. Since, however, no other Power wants to establish such supremacy, it is possible that Japan might be satisfied, or at least obliged to content herself, with a situation in which other Powers admitted, either directly or by implication, that they for their part did not wish to challenge that position in so far as China was prepared to accept it. It would not be an unreasonable line for the European Powers concerned and for the United States to say: "We want to see a satisfied Japan and a satisfied China. We are not prepared under duress to give up to Japan rights that we hold from China; but we recognise that some of those rights are inconsistent with the future development of Eastern Asia. To that extent we recognise the need for a 'new order', and we are ready to carry out our already announced policy of surrendering them if it will contribute to a peaceful settlement between China and Japan. But we will not surrender them except as part of such a settlement."

This, of course, is less than Japan wants, but is it less than she needs? We may concede at once that the march of events is inevitably producing a new order in Asia, and we ought to do nothing that is merely obstructive to check it or to shape it to our own particular ends. We owe in the long run as much respect to the growing economic needs of Japan as to the awakening national consciousness of China. There is nothing to fear from a new order in Asia that took the form of a peaceful political and economic development of China, with Japan playing the prominent part to which her geographical position and

A PEACE OBJECTIVE

her past record of efficiency clearly entitle her. There is everything to fear from a dominance of China by Japan in the form of an hegemony exercised by a totalitarian State and maintained by force.

A new order reached by peaceful methods might, it is true, involve the gradual elimination of most of our vested interests in China, but it should be possible to ease the process of transition in such a way as to minimise the loss pending the creation of new interests, which would no doubt take a different form but need not be less valuable. A new order resulting from terms imposed upon China by force would constitute a menace to all countries with interests in the Pacific (and perhaps in the Indian Ocean), unless we can assume that the aggressive impulse in modern Japan would work itself out, or that Japan would not stand the strain of holding down China. Neither of these assumptions is safe in the light of the present expansive energies of the Japanese people.

IV. A PEACE OBJECTIVE

IT seems, therefore, that unless we are prepared to resort to a deliberate policy of resisting Japan by force—a policy which is not at present practicable and which, even if it were practicable, would be unlikely to improve conditions in the Far East—we had better devote our energies to the discovery of a basis of agreement with Japan consistent in the first place with our own principles and in the second place with our own vital interests. The present Tientsin discussions do not appear to offer an opportunity of finding such a basis, since the Japanese Government, according to their most recent statements, have insisted that Great Britain, as a condition precedent to the settlement of local issues, must not only cease activities in China that may be regarded as “unneutral”, but also take positive steps to further Japanese plans for the economic development of China, to the detriment of the national Government of

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that country. This is to ask Great Britain to reverse her declared policy, under scarcely concealed threats to British lives and property in China—threats to which only a Government entirely bankrupt of resources could surrender: it is obvious that, even supposing that the exceptional skill and pertinacity in negotiation of our Ambassador in Tokyo could find a formula that appeared somehow to reconcile these irreconcilables, no real step forward in the adjustment of Anglo-Japanese relations would be made. The quarrel would break out afresh, because it is a long-standing quarrel for which a radical cure has not yet been sought.

Some attempts were being made to seek such a cure, in London and in Tokyo, early in 1937; and though not much progress seems to have been made there was some prospect of at least preparing the way for friendly discussions on a larger scale. But the outbreak of hostilities brought those talks to a standstill, and the regrettable truth is that, so long as hostilities continue, there is no hope of profitably discussing, let alone producing an improvement in, Anglo-Japanese relations. Nothing will satisfy the Japanese extremists but concessions from us which will further their war aims. Nothing can be willingly conceded by us except by way of contributions to the final settlement between China and Japan. This is the *impasse* that we have reached.

Does it not therefore behove us to shape our policy in such a way as to promote an early peace? It is true that the prospects are not encouraging, for those in authority in Japan to-day are committed to a policy of force, and it is difficult to see any breach in Japan's front that might be widened. Nevertheless, the attempt should be made, however poor its prospects of success, because it is only by presenting to the Japanese alternatives to their present difficult road that we can hope to set in motion forces working for peace. The outlook is not entirely hopeless. Those who have lived among the Japanese know that

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they are at bottom a kindly people, with a good fund of common sense, who like any self-respecting nation react more quickly to sympathy than to pressure. Granted that they are at present in a queer mood, we ought to try to bring them round by comprehending rather than by scolding.

To say this is not to recommend a course of soft soap and surrender, but a perfectly firm attitude, showing clearly that we wish neither to coerce nor to be coerced, and that our sympathy for China does not mean that we are unwilling to meet generously the genuine grievances and aspirations of Japan. We have to admit, in the light of events since 1922, that the Nine-Power treaty has proved unworkable; and unless a majority of the signatories are prepared to coerce Japan into full observance they had better content themselves with working for a revision.

V. ANGLO-AMERICAN COLLABORATION

IT will not be sufficient, of course, to make a promise in general terms. Both the British Government and the United States Government have already stated their willingness to discuss changes, but it is useless to expect the present rulers of Japan, as long as they think that they can gain a certain position by force, to accept a vague prospect of something less for the mere sake of conciliating hostile opinion in foreign countries, which have shown no determination to enforce their own claims. In fact, it is unlikely that those present rulers, in so far as they stand for the sentiments of the Japanese army, will listen to even the most reasonable proposals unless they are persuaded that the alternative to listening is something highly disadvantageous for Japan. But there is a chance that other and more moderate elements in Japan might be encouraged to resist the extreme elements in their own country if they felt confident that, by enlisting the sympathy of Great Britain and the United States, they could produce a settle-

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ment with China that would satisfy a substantial part of Japan's requirements, while falling short of the complete domination at which the extremists aim.

Hitherto the line taken by the moderate elements has been to avoid a head-on collision with the extremists; and thus we have seen a series of surrenders which has in fact increased the strength of the extremists and diminished that of the moderates. In pursuance of those fatal tactics, the moderates have constantly begged their British friends to do nothing to offend the extremists, but on the contrary to make friendly gestures to them. It must be confessed that the moderates in Japan have got themselves into a sad position, and it is doubtful whether they can reassert themselves unless either the China policy of the present rulers of Japan proves a conspicuous failure or unless they, the moderates, can provide a better one, which, while acceptable to Japanese pride, would command the sympathy and assistance of the democratic Powers.

In view of the strong nationalistic feeling now prevailing in Japan, and of the present political alignment with the Axis Powers, it is clear that mere assertions of goodwill by all the democratic Powers would have no effect; and it is even more certain that a professed change of attitude by Great Britain alone would not suffice to alter Japan's outlook. We must therefore conclude that the only aid that can usefully be furnished to the moderates in Japan is a specific declaration by Great Britain and the Dominions, together with the United States and France, that in certain circumstances they will collaborate, not only in a revision of the Nine-Power treaty, but also in an effort to find solutions for the other problems that lie at the root of Japan's present attempt to dominate China.

Chief among those problems are the questions of raw material supplies and markets and of the immigration of Japanese into foreign countries—in short, of freedom of trade and freedom of residence, providing for Japan those outlets for her goods and her people which she will

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otherwise seek by force in Eastern Asia. These problems bristle with difficulties, and it would be foolish to expect an easy or complete solution: but if no attempt is made there does not appear to be any other way of moderating Japanese policy except a resort to armed force or to economic pressure likely to lead to hostilities.

It may be argued that in view of the traditional objection of the United States to any commitments in the nature of an alliance there is no prospect of joint action towards Japan by Great Britain and the United States. Joint action is certainly out of the question, but parallel action is not impossible. It has, in fact, in some measure already been taken, and there is a substantial measure of agreement between the United States and Great Britain on their objectives. It is true that we are more concerned than is America with the protection of specific commercial interests in China, but we are both on the same ground in our desire to ensure observance of the principles laid down in the Nine-Power treaty. That the Japanese Government could be influenced by parallel action is proved by their constant endeavours to prevent it. Nothing in Japan's recent foreign policy has been more marked than her endeavours to conciliate the United States while humiliating Great Britain—to make capital out of the immediate vulnerability of specific British interests in China while treating American protests on matters of principle with some semblance of respect.

If the Far Eastern situation is allowed to drift for want of collaboration between the Powers affected, then there is little hope of saving China from Japanese domination. There are many who pin their faith on long-term resistance by the Chinese Government, coupled with a progressive deterioration in Japan's economic strength. Even were this outcome to be expected, it would be a wretched termination to hope for, since it would involve chaotic conditions over immense areas, with poverty and distress for millions of innocent, industrious people. But the

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chances are that, unless the Powers with interests in the Far East intervene on constructive lines, the Japanese national effort can and will be maintained. To quote from the well-informed and impartial *Japan Chronicle* of July 13 :

No view of the Far Eastern situation is correct which does not recognise Japanese ability to continue the war in China for a period which can only be described as " indefinite ".

Whether an indefinitely prolonged campaign would materially benefit Japan even if it were at length brought to a seemingly successful conclusion is, of course, open to doubt ; but it is quite certain that the longer it continued the greater would be the destruction and wastage of British interests in the Far East.

Everything therefore points to the need for arresting, by whatever means are available, the present process of disintegration. This cannot be done unless the Powers concerned can convince Japan that, if she will bring about an early discussion of peace, they will make generous contributions to it ; but that if she insists upon continuing her present methods they will reluctantly have to consider the application to her of economic pressure which, as the Japanese well know, would be overwhelming.

The difficulties, indeed the dangers, of such a course are patent. But no one has yet suggested a simpler or more effective means of treating a case that now requires a major operation.

BRITAIN'S DEFENSIVE STRENGTH

I. THE RESULTS OF REARMAMENT

"**P**RODIGIOUS" is a much-abused and highly over-worked adjective, but it fits the expansion of Britain's fighting strength which has taken place during the past twelve months. In the crisis that culminated at Munich a year ago, the navy alone of the three fighting services was adequately equipped and trained. It is also common knowledge that the organisation of the civilian population against air attack was conspicuously weak. The consequences were what they were bound to be. The German Chancellor got still more in March when by a sudden *coup de force* he annexed Bohemia and Moravia to the Reich and turned the flank of Poland's industrial centre by converting Slovakia into an obedient protectorate.

The strength thus added, not only to German military resources, but also to Germany's strategic situation as a central Power with three dangerous land fronts was formidable. The new facilities which the *coup* gave for aggressive action towards the east were, moreover, quickly reinforced and consolidated by the completion of the Siegfried Line in the west; and there has also resulted from it an increased influence over Italian policy which is more like a stranglehold than the handclasp of a friend.

In these circumstances Europe's power of resistance to German domination has come to depend mainly upon British policy and British rearmament. France has shown a really heroic resolve within the limits which were open to her. She has made an end of weakening political strife, and has conceded to her Government emergency powers

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such as no British Government would ever be entrusted with in time of peace. Her industries have given themselves over to intensive production, based in vital cases upon a sixty-hour week, and she is rapidly re-equipping and expanding her air force, which constituted in September 1938 the only weak point in her defence. Her army was already by far the largest and most efficient in Europe west of Russia, and she is maintaining it for this period of renewed tension by keeping with the colours an extra annual class. Her navy, for its size, is excellent. More than she has actually done it was not in the power of her gallant people to do.

This magnificent return to unity in France was indispensable to the cause of peace. Nothing the British nation could do would have been of sufficient avail without it. But the very backwardness of Britain's own preparation for war gave her an opportunity for decisive action on a scale that was not possible for France, and she has made—to repeat the word—really prodigious use of it.

The naval situation in European waters differs in two important particulars from that which faced the Entente in 1914. Germany has now no battle fleet, and requires attention from the naval point of view only as a potential commerce raider who is well equipped for attack upon the sea-borne supplies of her enemies. Italy, on the other hand, is now a naval factor of great importance; her alliance with Germany and her influence in Spain have transformed the position in the Mediterranean and compelled us in Great Britain to regard those narrow waters as our major theatre for naval action, if war is forced on us. No man can accurately foretell the extent to which air action may affect our mastery of the sea. In the event of a general war, it is not likely to prove a serious menace to our fleet, but it would certainly make convoy duties more difficult and hamper the movement of transports and merchantmen, at any rate in the first phase of the war.

The total strength of the navies of the British Commonwealth at the end of 1938 was 15 capital ships, 63 cruisers,

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170 destroyers, 54 submarines and 8 aircraft-carriers. In addition there were then under construction 7 capital ships, 22 cruisers, 29 destroyers, 15 submarines and 5 aircraft-carriers, many of which will be ready for service at need before very long. A further reinforcement of 2 capital ships, 4 cruisers, 16 destroyers, 4 submarines and one aircraft-carrier was voted in the present year. The equipment of this great fleet is now up-to-date in every way. It is particularly well fitted with the most modern anti-aircraft guns, and it has a formidable reserve of warlike stores and oil. The weakness revealed by the Abyssinian crisis in 1935 has therefore happily long since been left behind.

The predominance of the British fleet in European waters is, in plain fact, much greater than it was in 1914, and new inventions have unquestionably increased the vulnerability of submarines. We have to remember, however, that while we can impose an effective naval blockade on Germany the influence of air-power upon sea-power is a new and incalculable factor which is bound to circumscribe our strategy until we have learnt by actual experience what its range and power of action may be. War will no doubt produce surprises—it always does. New conditions might spring some unexpected results. But none of these, however inconvenient in a particular area or for a particular time, is in the least likely to transfer effective mastery of the seas to other hands.

The relative strength of air forces is much harder to assess. With regard to numbers, the 1938 programme of 1,750 first-line aeroplanes is complete, and the strength is rising rapidly to the 1939 programme of 2,370. These figures are for the metropolitan air force alone. British air forces overseas, not counting those of the Dominions, number between one-quarter and one-third of the metropolitan strength; the fleet air arm rather more than one-third. Production is now well organised; we can count upon an output of not less than 1000 aircraft a month.

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The French air strength may be put at about a half of ours. Production, stimulated by a new spirit of co-operation between direction and labour, and by a working week of 60 hours where the necessity exists, is now giving 500 aeroplanes a month. France's air effort has been remarkable, and is equipping her with a thoroughly modern and efficient force.

The British and German air forces are pretty closely matched at the present time. The Germans still have the advantage in numbers, and their bombing force can carry a greater load of bombs than ours; but our fighter machines are superior to theirs, and there is good ground for the belief that our pilots and gunners are more highly skilled than theirs. This is partly because the training of our regular air force has been continuously developed for twenty years, whereas the German air force started from scratch as a military organisation in 1933, and partly because our greater command of petrol enables us to give all our flying personnel longer experience in the air. Germany's monthly maximum production of aeroplanes is now probably no greater than ours; and whereas we have to keep a quarter of our total force oversea, her total force must necessarily be divided between two European fronts. These various considerations suggest that the balance between the two air forces is near, the probability being that Germany still has some measure of superiority which we are likely to overtake by the end of the year. The Italian air force, on the other hand, is for the time being unquestionably stronger than the French, but not sufficiently so to give the two dictatorial Powers any marked superiority over the two democracies in the air.

As to staying power in a protracted struggle, a great deal depends upon the extent to which factories may suffer from air attack; but there is no reason why, if war comes, ours should prove more vulnerable than those of our antagonists. We have a marked superiority in petrol supplies; but the degree in which air hostilities might hamper sea-borne trade

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is beyond calculation, and we have also to remember that Germany's command of petrol would be considerably enlarged if she were to succeed in obtaining Rumanian supplies in a general European war.

The army, too, has been completely transformed in the past year. The striking thing about it is not, for the moment, its strength, but the fact that for the first time in her history Great Britain has decided to have upwards of a million trained soldiers ready in time of peace. It was confidently predicted before the event that the introduction of compulsory military training by annual classes would bring voluntary recruiting to an end. The very contrary has proved to be the case, and our new army will consist of a combination of conscripts and volunteers, as it did in the latter stages of the last war.

Compulsory service was necessary for two purposes. In the first place, it was impossible to keep our anti-aircraft artillery in permanent readiness for instant action so long as its main personnel was drawn from the territorial force. Nearly half the annual contingent of militiamen will consequently be trained for this branch of home defence. In the meantime the territorial divisions have been called upon for special service in the critical intervening weeks. So far as home defence is concerned, therefore, the army is already fully equal to its task. We now have anti-aircraft guns, searchlights, predictors and other equipment in plenty—a very different picture from that which we presented in September 1938.

The other reason for compulsion was the necessity of having a greater reserve of trained soldiers ready to reinforce the regular army from the first moment. Territorial soldiering is spare-time soldiering. Practically the whole strength of the territorial army consists of men who are earning their own living in other employments, and cannot be called upon for more than a very limited amount of training. Such a force can never be counted upon for service in the field until from three to six months after the

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outbreak of war. The territorial army has been practically doubled in the past few months. Its spirit and quality are splendid; its equipment is being rapidly supplied; and it now constitutes a formidable national reserve, nearly 350,000 strong. But it is a half-trained reserve, not an active organisation ready in time of peace.

It is not possible, while our whole military system is in transition, to give any detailed account of its immediate strength; but the actual situation, together with the pace and potentiality of expansion, may be summarised in a few sentences which every layman can understand.

In the matter of actual strength, the army, in addition to meeting all the requirements of home defence, can immediately put a number of trained divisions into the field without weakening either home or colonial defence. With regard to potentialities, the expeditionary force would necessarily be limited at first, partly because the territorial army would not be ready at once, and partly because a considerable proportion of regulars must be kept at home to facilitate the organisation and training of our manhood for the full deployment of our national strength; but at need we should be able to develop that full strength with much greater rapidity than in the last war. We should, for example, have a million trained soldiers ready for service, apart from formidable forces overseas, within at the most six months of the outbreak of war; and that number could thereafter be doubled and even trebled, if the achievement of our strategic aim required it, without reducing our output of supplies or over-straining our industrial strength. We are therefore organised to pit our whole strength against that of others, if their aggression obliges us to do so, however totalitarian may be their organisation of force.

II. THE NEED FOR MAN-POWER

TO what uses would these immensely powerful forces be put in the event of a general war forced upon us by the action of the Axis Powers? Let us be clear in the

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first place about the main strategic objective. It would be, of course, defensive in the broadest sense. We have no desire to conquer new territory or to reduce any other nation to permanent subservience. We should be fighting, if fight we must, to maintain the political independence and territorial integrity of all parts of the British Commonwealth of Nations, and we would strive to do the same for the territory and independence of all our allies. We could not be sure that in the course of a great struggle some of those territories would not be temporarily over-run, as Belgium and Rumania were over-run during the last war; it might even be that some of the more distant territory of the Empire itself might be isolated and occupied. But in that case the freeing of conquered territory would have to become part of our strategic aim—not necessarily to be achieved by military action in those territories themselves, but inseparable from the purpose to which our main activities were directed, that is, peace on honourable terms.

The fact that our own main strategic object would be defence should not, however, blind us to two considerations which would, in modern conditions, be vital to success. The first of these is the plain fact that the struggle in which we should be engaged would be totalitarian war. The second is that defence alone can never win a war. There has been some writing on these two subjects which tends to obscure the magnitude and the character of the effort that we should have to make.

Warfare on the principles of limited liability is an attractive but delusive idea. To practise the greatest possible economy both of aims and means is fundamental common sense, and we should be careful to husband our resources in both ways to the utmost extent compatible with the great defensive object which compelled us to take up arms. But we would end by undergoing sacrifices much heavier than we need if we were not clear from the outset as to the limits of such economy—limits beyond which it is certain to defeat its own ends.

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First, then, as to aims. Our main object would be defensive, and we would have to guard against the tendency to continue the struggle *à outrance* beyond the point at which that defensive object had been secured. Lord Lansdowne's peace initiative in the winter of 1917-18 was treated with obloquy by all responsible for the conduct of the war, and it is possible that peace could not have been secured on honourable terms at that time because the liquidation of Russia had filled the German High Command with visions of a decisive victory on the western front. But Lord Lansdowne was wiser than his critics in declaring that, if peace with honour were obtainable at that moment, it should be made. The allied nations wanted to reduce their enemy to impotence and to dictate peace exclusively on their own terms. They got their way, and have been paying for it ever since. The price in blood and treasure during the last nine months was shattering, yet that was but the first instalment of the bill which Europe and the whole world incurred. Let us then be clear that in another war our central purpose must be defensive, and let us not be tempted by the passions that war sets loose to protract hostilities beyond the first moment when our central purpose can be honourably attained.

But while our central object would be defensive and should remain so to the end, let us not delude ourselves with the idea that because our aims are limited we can attain them economically by asking others to bear the main brunt of the struggle and sparing our own effort either by sea or land or air. The limitation of our aims must not mislead us into thinking that we can practise an equal limitation of effort in achieving them in the event of war. The lessons of military history have to be read with clear discrimination if they are not to mislead. In the days when States in combination waged war upon each other with small professional forces, it was possible for us to finance the efforts of others and thereby to limit our own contribution to the man-power engaged. But those days are gone.

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Napoleon's national armies raised warfare to another plane; and, although he himself was defeated in the main by a combination of professional armies of the traditional mercenary type, he established a new principle which has revolutionised the character of war. France herself, with the professional army of the Second Empire, went down before the system of national military training that Prussia had learnt from her sixty years before; and since that time armies have come to represent the whole manhood of the nations to which they belong. The last stage has been reached by the new dictatorships, which reshape every facet of the life of the nations which they control for the purpose of totalitarian war. To that the only answer is equally totalitarian war. We cannot expect other nations to fight for us; we cannot hope for success even in the limited sphere of strategic defence upon those terms. When every allowance has been made for modern inventions such as mechanical transport and the development of fire power, when every consideration has been given to the economy of force in the attainment of our ends, when every use has been made by wise leadership of the mobility that we should derive from predominant sea power, we shall find that victory depends upon trained man-power and that alliances will not secure it for us unless our resources of man-power are joined to those of our allies. The balance is a near one, and only we can turn the scale.

Arguments from the folly of massed frontal attacks upon prepared positions, arguments against the perpetration of new Paschendaeles, arguments from the power of resistance conferred upon the defence by modern instruments of war, are indeed arguments for the fullest possible economy of force in the methods that we use; but they are not arguments that can justify us in preparing to do less than our utmost in reinforcing the man-power of our allies. It would not be sufficient, in the event of war, to prevent the enemy from imposing his terms upon us. He would certainly be holding territory that we were pledged to

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liberate, and we must be able to obtain our minimum terms from him. In military parlance, therefore, the strategical defensive must be combined with the tactical offensive if our object is to be secured; and the success of the tactical offensive is likely to be determined by its command of trained men.

III. THE EASTERN ALLIANCES

THIS conclusion would be inescapable even if our only ally in Europe were France; it is driven home with still greater force by the guarantees that we have given to other countries. Great Britain is now the pivot of a system of alliances which commit her, for the first time in her history, to definite obligations in eastern Europe, where neither sea power nor air power can render immediate aid; and this entirely novel responsibility requires analysis.

A pact with Russia apart, the Turkish agreement is the greatest of all possible reinforcements of our strategic situation—in three important ways. In the first place, it gives the British fleet invaluable bases in the eastern Mediterranean which largely reduce the value of the Italian bases from the Sicily-Tunis line to the Dodecanesc. In the second, the Turkish forces could contribute most powerfully to the defence of Egypt and still more of the Suez canal. In the third, by giving us naval access to the Black Sea through the Dardanelles, and military access to the Balkan peninsula through eastern Thrace, together with the support of Turkish military strength, it constitutes a standing threat on the south-eastern flank of the Axis Powers. These are signal advantages, and it is no wonder that Turkey's ready adherence to the Peace Front was a shock to both Berlin and Rome. The gravity of this shock may be measured by the help which the Central Powers derived from their alliance with Turkey in the last war.

By comparison, the guarantee to Greece imposes upon British arms the defence of a land frontier that is seriously

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threatened by the Axis Powers. If Italy from her new position in Albania were to invade the southernmost corner of Yugoslavia and occupy the plateau which marches with the northern frontier of Greece, she would establish a serious menace to Greek security. But it was essential to enable Greece, if possible, to resist the pressure on her to join the Axis Powers. Moreover, her relations with Turkey are cordial, and her harbours in the Aegean would be valuable to us in keeping the eastern Mediterranean open for any movements that we might desire to undertake. With Greece as well as Turkey in the defensive front, our task in that quarter is greatly lightened, not only tactically but also in regard to our relations with the peoples of Cyprus and the Levant.

The alliance with Poland and the guarantee to Rumania stand in a different category. Apart from the fact that any further tolerance of unprovoked aggression against independent States would weaken the cause of freedom everywhere, these undertakings were indispensable to prevent, if possible, a very formidable reinforcement of Germany's strategic situation and also of her resources for a protracted war. But while they make it necessary for Germany to acquire these advantages by force, if she is to acquire them at all, and while the Polish alliance would compel Germany to fight on two fronts if she elected to attack first in the west, they increase the content of our main strategic defensive aim. We must hamper a German attack upon those countries by all means open to us; and, if we were to fail thereby to save them from occupation by Germany, we would have to continue fighting until Germany was forced to release her hold.

One other feature in the situation requires notice. If Belgium had remained an ally of France and Great Britain, we would have held positions in Belgian territory that would have greatly increased our facilities for air warfare, both in defending Great Britain against air attack and in bringing air power to bear on Germany. Belgium's

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decision to become neutral will not absolve us from the necessity of going to her rescue if her neutrality is infringed; but it does prevent us from taking steps in advance to reduce the danger of such infringement or to resist it if it occurs. Holland and Switzerland present a similar problem. Their policy of neutrality is very natural from their own point of view, since they must obviously desire to keep themselves out of any quarrel between their more powerful neighbours if they possibly can. But in their case, as in that of Belgium, their neutrality is in some ways a definite handicap to the two western democracies, upon whom, in the last analysis, the maintenance of their independence rests.

IV. THE ROAD TO VICTORY

WE have seen, then, on a broad canvas what the setting of war in Europe would be, if war were to break out in the next few months or weeks. The uses to which our forces might be put is much harder to predict, since the initiative of war would certainly lie with the Axis Powers. The only thing that may be assumed with reasonable certainty is that Germany would not take the offensive simultancously on both her eastern and her western fronts. If she decided to throw her main strength from the outset against Great Britain and France, we should have to concentrate on defeating that challenge in the western theatre where it would be made. But it seems more likely that she would begin by an invasion of Poland and then of Rumania, taking the defensive on her western frontier until a decision in the east had been obtained. In this latter event we might have some difficult moral as well as military problems to decide.

Our first consideration, of course, would be to establish the security of our insular base and our world-wide sea-borne supplies. There is no reason to suppose that we should fail in either of these essential purposes, even if

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Germany were to undertake an air offensive in the west in addition to her main eastern enterprise—though it must never be assumed that there would be no set-backs or surprises even in this field, where all our strength can be fully and instantaneously deployed. There might, indeed there certainly would, be unexpected developments, though they would not be confined to one side. But, whatever these might be, Great Britain would hold the seas and would also rise superior to air attack, however intense, upon her ancient island citadel.

Far more difficult would it be to decide how best she could assist her eastern friends, whom she has guaranteed. Her first step, of course, would be to impose a naval blockade upon Germany. The effectiveness of this would depend to some extent upon the position taken up by Italy—a problem that will be discussed in another paragraph. But, however effective the blockade might be, its strangulation would be slow as well as sure, and it would not do much to hamper a massive onset upon Poland or even Rumania, which Germany might concentrate upon completing in the course of a few weeks. No one can predict how far the Polish army, with all its tactical *élan* and reckless bravery, might succeed in withstanding the tremendous equipment for aggressive warfare that Germany would bring to bear. Confidence in a quick decision upon the eastern front may indeed be one of the main factors that incline the German Fuehrer towards war. We could not, however, reinforce Poland to any effective extent upon her own soil, and we would therefore be obliged to do our utmost to distract and weaken the German offensive against her in other ways.

Should we then launch our tremendous air force against German munition centres, even if Germany were to declare that she would use hers only against fortified harbours and bases, armies in the field, aerodromes and ships of war? Our course would be clear enough if Germany launched an indiscriminate air attack upon Poland or upon any other of

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our allies, let alone ourselves ; but if she refrained from doing so we should have to face a difficult question, with moral and political as well as military implications.

The problem set by Italy might also be a searching one. If Italy went to war in alliance with Germany, well and good. Both France and ourselves would know what course to take, and would take it immediately. But Germany might prefer that Italy should remain nominally neutral, for more reasons than one. With Italy nominally neutral, one or more of the practicable turning movements against Germany's southern flank would be debarred. With Italy nominally neutral, we should have much more difficulty in imposing an effective naval blockade. Movements of ships, troops and supplies in the eastern Mediterranean, moreover, would be bound to remain precarious so long as Italian sea and air power was neither shattered nor definitely committed to our side. These are grave considerations, which might seriously affect our ability to give help to our eastern allies ; and, though there are other obvious considerations that tell in a contrary sense, it might very well be necessary, in justice to our undertakings, to demand facilities of Italy that she might be unwilling to concede. The Italian problem may therefore be as searching as the air problem from the moral and political as well as from the military point of view ; and the moment may be near when some very plain and pointed questions concerning Italy's future course should be addressed to the Government in Rome, as the only way of relieving the tension caused by the long-drawn imminence of war.

If, despite all our efforts to save the peace, Germany were to attack westward, our course would be plain. If she attacked eastward, it would not be plain at all ; but two points at least stand out clear—first, that we would have to do everything in our power to save our eastern allies from defeat ; and, secondly, that if despite our efforts they were defeated in the first phase of war we should continue fighting with all the resources at our command until their freedom

TWO ESSENTIAL NEEDS

was restored. This decision might well involve us in far-ranging operations by land as well as by sea and air. Only by the skilful combination of all three services would our great strength and power of mobility be economically and effectively deployed. We must seek to avoid both the lack of imagination which made a shambles of Paschendaele and the lack of combination between the services which deprived us of success at Gallipoli while the gates of opportunity stood wide. No Power in the world will command such strategic openings as we shall when, not long hence, we can put thirty well-equipped divisions in the field. If war is forced on us, we must use them to the full, if we are to achieve our limited objective in the shortest possible time. To do so would be vital, not only for ourselves, but also for the world at large, since it is not victory alone that we must seek, but sufficient remaining power and will to make a generous and abiding peace when victory is won.

V. TWO ESSENTIAL NEEDS

FOR that purpose, however, the higher direction of military preparation and thought in this country unfortunately still lacks the effective concentration that obtains in France and Germany. In both those countries the control of all war effort is in the hands of a single, central command. In Great Britain each of the three services is still too much a law unto itself, and none of the committees on which we rely has the character or necessary attributes of what the French call their *Conseil Supérieur de la Guerre*. Tradition in the services is too powerful, and amongst civilian Ministers there is insufficient understanding of the fact that without a central and effective brain to direct our strategy we shall once again fritter resources which should be economised, blunder into action instead of planning it, and needlessly increase the duration and cost of war.

To combine the ideas of three separate staffs can never be equal to the strategic planning of a single staff, thinking

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independently of war as a whole without the limitations that necessarily beset a single service thinking first of itself and only afterwards of the other two. Gallipoli is but one of many lessons which we have still apparently to take to heart. We do not even know as yet how the Government itself would be organised in case of war. We only know that, like our strategical planning organisation, it could not work effectively in its present form.

Let us, then, hope that in case of need we shall have without delay both a War Cabinet and a combined general staff under a single head. If Britannia is to make the most of her fine new trident, she must have a stout single handle behind its three prongs.

GOVERNMENT BY COMMISSION IN NEWFOUNDLAND

By a Newfoundland Correspondent

I. 'TRADE AND FINANCE

FOR the past five years, Newfoundland has been governed by a Commission of six members appointed by the British Government, three from the United Kingdom and three from Newfoundland. This Commission, with the Governor as chairman, is vested with full legislative and executive authority, subject to the supervisory control of the Dominions Office and the Treasury in Whitehall. The "key" departments, that is to say, the departments of Natural Resources, Public Utilities and Finance, are administered by the three Commissioners from the United Kingdom.

The attempts of this Commission to restore prosperity to Newfoundland have been well-meaning but hitherto unsuccessful. Two of the country's major industries are badly depressed. Unemployment has attained alarming proportions and is increasing. Poverty and distress are widespread. The position, already grave, will become desperate unless prompt action is taken to restore the morale of a disillusioned and unhappy people and to revive the vital industries of the country.

Newfoundland, whose area is greater than that of Scotland, while her population is considerably less than that of Edinburgh, is essentially a producer of primary commodities, and her economic prosperity depends on the oversea markets for her newsprint, her fish, and her mineral products. Her total trade for 1937-38 amounted

GOVERNMENT IN NEWFOUNDLAND

to \$210 per head, and, of that, foreign trade amounted to \$119 per head. In 1937 some symptoms of economic revival could be discerned as a result of improved international trade. The total value of Newfoundland's exports rose from \$51.9 million during the twelve months ending June 30, 1937, to \$62.8 million in the corresponding period a year later. This was the highest aggregate attained since 1930. The improvement was mainly due to the favourable market conditions for newsprint and minerals.

The international trading position of Newfoundland is reflected in her customs returns, from which about three-quarters of the Island's ordinary annual revenue is normally derived. The yield of customs in 1937-38 amounted to \$8,631,181. The duties imposed on the ordinary necessities of life, despite downward adjustments of the tariff in 1935, 1938 and 1939, remain much too high. They are unjust in their incidence, weighing most heavily on the poorer classes, whose standard of living would, in any case, be very low. Their drastic reduction is imperative, even at the cost of a loss in revenue. This loss could be made good by devising a more equitable system of taxation, which would include an increased income tax, heavier death duties and higher automobile licences, all of which are at present comparatively low.

The total revenue as well as the yield of customs showed a steady increase over the four-year period 1934-38. The revenue for 1937-38, at \$12,287,686, was the largest revenue in the history of the country, but there was still a considerable deficit, amounting to \$1,301,495. The deficits since 1934 have been met by grants-in-aid from the United Kingdom Treasury. Expenditure under the Consolidated Fund services accounts for approximately one-quarter of the total expenditure. The total debt as at June 30, 1939, was approximately \$100,000,000 and the annual cost of the debt service is in the neighbourhood of \$3,000,000.

ADMINISTRATION AND SOCIAL SERVICES

II. ADMINISTRATION AND SOCIAL SERVICES

EXPENDITURE on the supply services has steadily mounted. There has been an increase in civil service salaries, which had been cruelly cut in the closing years of responsible government. Higher salaries formed an integral and necessary part of the Commission's plan for the reform of the civil service. Departmental efficiency has undoubtedly been increased, and the morale of the civil service has been improved, but the standard is still low. It is to be hoped that the Commission will soon find its way clear to establishing a system of competitive examinations for entrance at least to the higher grades of the civil service.

Large sums have been allocated both from the ordinary revenue and from loans made by the Colonial Development Fund to the improvement of public utilities, and as a result roads have been improved and concrete bridges built to replace the old wooden structures.

The social services, too, have received enlarged grants, though they are still severely handicapped by inadequate funds. A successful attempt has been made in education to modernise the curriculum of the schools and to improve the qualifications of the teachers. There is still neither free nor compulsory education, but the vigorous policy of the department of Education has produced important results. The number of children attending school has steadily risen in the last few years, the average attendance has improved, and an increasing proportion of the pupils go on to the higher grades. These results are all the more gratifying because a decisive improvement in the standard of education is an indispensable condition of the political and economic rehabilitation of the country.

Admirable efforts have been made by the department of Public Health and Welfare to combat disease, which is making devastating inroads on the health of a people whose powers of resistance have been undermined by the

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malnutrition consequent on prolonged economic depression. The problem is a very grave one, as the ratio of doctors is only one to 4,000 of the population; despite the offer of financial assistance from the department, doctors have declined to practise on many stretches of the coast. The Government has erected ten cottage hospitals, fully staffed and equipped, at strategic points throughout the Island. A district nursing service, employing more than forty nurses in 1938, has been set up and is doing heroic work, and an anti-tuberculosis campaign is being vigilantly conducted; but the effectiveness of the whole public health service is woefully hampered by totally inadequate hospital facilities and by the lack of financial resources.

The outlay under the head of able-bodied relief has been very heavy since the inception of government by Commission. The rate of relief, which is paid in kind, continues, however, to be desperately low, affording bare subsistence to the recipients. The situation is all the more serious in view of the increasingly large proportion of the population in receipt of relief. At the beginning of the present year it was estimated that approximately 75,000 people received relief out of a total population of 295,000.

III. FORESTS, FISH AND FARMING

DURING the last fifteen months, Newfoundland has been in the throes of a terrible economic depression. This is reflected in the financial returns for the year ending June 30, 1939, the revenue shrinking by over a million dollars to \$11,221,242. One of the causes of this setback was the trade recession in the United States during the autumn of 1937, which produced a very adverse effect on the newsprint and logging industries in Newfoundland. Restricted cutting of the newsprint firms at Grand Falls and Corner Brook resulted in an increase in the general level of unemployment.

With the aim of counteracting this trend, the Government

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continued its negotiations with the Bowater-Lloyd company of London for the acquisition by the company of the Gander timber limits, comprising 3,380 square miles of forest land. The company was to have the right to export pulp wood for its mills in England on condition that it set up a sulphite mill on the east coast of Newfoundland. This agreement was signed in January 1938 subject to the condition that either party had the right to renounce the contract at any time before May 31, 1938. In the interval the price of newsprint slumped, Messrs. Bowater-Lloyd acquired the International Pulp and Paper plant at Corner Brook and exercised their right under the conditional clause. Negotiations were resumed, however, and the company eventually purchased the Gander limits and were granted export rights for 99 years by the Government, subject to their extension of the Corner Brook plant to a capacity of 30,000 tons of sulphite per annum. Messrs. Bowater-Lloyd further promised to export a minimum of 50,000 cords of rough wood annually, subject to a royalty of 30c. a cord and subject also to a penalty for non-fulfilment which was originally fixed at 25c. per cord.

The proposed agreement, which was made public some considerable time before it was finally ratified, aroused almost universal opposition throughout the country. It was criticised on the ground that the possibility of a third newsprint mill, to which the people had looked for increased employment, had been indefinitely postponed, if not permanently destroyed. It was argued, further, that the potential value of the great timber resources on the Labrador coastal fringe—which would naturally help to feed a newsprint mill on the Gander—had been grievously impaired. The grant of export rights for such a long period as 99 years was held to be much too valuable a concession to have given in return for the extension of the company's mill at Corner Brook. Finally, the penalty for non-export was at first condemned as ridiculously low, and as therefore affording no adequate guarantee of continuous employment

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for Newfoundland loggers. When, as a result of popular agitation, the penalty was later raised to \$2 a cord, the critics pointed out that even if the company discontinued cutting for export they could still evade the penalty under another clause of the agreement, which stated that the penalty might not be enforced by the Government if the company could show proof that market conditions made cutting operations uneconomic in any given year. The Government, however, took the view that there was no immediate prospect of the establishment of a newsprint mill on the Gander and that the need for employment was urgent. The agreement was therefore signed at the close of 1938, despite continued popular opposition.

A fortnight before the opening of the Bowater-Lloyd controversy the Commission committed a political blunder of the first magnitude in the action that it took in the so-called Holmes fish case. The Newfoundland Fisheries Board (which will be referred to again later) refused to grant to a fully licensed exporter of fish an export licence under the Newfoundland Fisheries Board Act to ship the balance of a consignment of 6,000 barrels of salt codfish to Porto Rico, on the ground that the purchase price of the fish was less than the minimum of \$8.75 which the Board proposed to establish. The exporter appealed to the Supreme Court of Newfoundland, which delivered judgment in his favour and issued a writ of mandamus against the Fisheries Board. The latter was thus compelled to issue the export licence. But before the fish could be exported an emergency meeting of the Commission was called, and special legislation was passed in the form of a Permits Act putting an interpretation on the Fisheries Board Act which nullified, as the trade later claimed, the original intention of the Act. Under the Permits Act the export of the fish in question was prohibited.

By the enactment of this special legislation the Commission voided the effect of the judgment of the Supreme Court and set at naught the King's prerogative writ of

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mandamus issued by the Court pursuant to its judgment. The Commission claimed that its action was justified on the ground that the sale of the consignment in Porto Rico would have had a disastrous effect on the market for fish. But the unprecedented course followed by the Commission exposed the judiciary to contempt and undermined the sense of public security by depriving the subject of the protection of the courts for his civil liberties. That respect for the rule of law which is the basis of the whole social order is seriously weakened when the functions of the judiciary are usurped by the legislature, especially in a country where the legislature is non-elective and unrepresentative.

Newfoundland's economic recovery is inextricably interwoven with the revival of her fisheries. Although the export value of the fishery products is lower than that of the newsprint, and in 1938 was lower even than that of the mineral products, the fishing industry is of much greater importance to the country for several reasons. In the first place, the great majority of the people are directly or indirectly dependent for a livelihood on the fishing industry and its subsidiary trades. Secondly, the fishing industry, unlike the mines and the paper-mills, is financed almost entirely by Newfoundland capital. Moreover the real income from the fisheries must not be estimated solely on the basis of the export value of its products, because a large portion of the fish caught is used for domestic consumption.

The salt codfishery is by far the most important branch of the fishing industry. Statistics show that 7,000 fewer men obtained supplies to enable them to fish in 1938 than in 1937, and that the average net earnings of the fishermen amounted in 1937 to only \$61 per head, and in 1938 to only \$86 per head. Yet for most of these men the codfishery is the chief means of livelihood. This deplorably low return is ample proof that a majority of the fishing population are living on the verge of starvation.

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The resuscitation of the staple industry has therefore engaged the earnest attention of the Commission. The task, however, has been made very difficult by increasingly adverse market conditions in the Mediterranean countries and Brazil. The earlier efforts of the Government to assist the fishing industry were rather ill-advised and unsuccessful, with the signal exception of the invaluable bait service that it supplied.

A more radical attempt at reorganisation was made in 1936, when the Fisheries Board Act was passed. Through the Board set up under this Act, the Government undertook the control of the export of salt codfish. The Board is assisted by an Advisory Council elected by the Salt Codfish Association, which consists of all the licensed exporters. Unfortunately, the experience of the last three difficult years suggests that whole-hearted collaboration between the Board and the exporters, which is essential to the smooth working of the scheme, has not yet developed.

In 1937 the industry suffered from the effects of a small catch. Although the yield improved in 1938, the higher catch was offset by the complete collapse of the Spanish market, by the continuance of exchange restrictions in certain importing countries, and by the new duties imposed by Brazil—the largest single market for Newfoundland codfish.

In an effort to solve the complex marketing problem, the Government adopted several short-term measures—an increase of the salt rebate, an Italian quota for Newfoundland fish under the Anglo-Italian trade agreement, and a guarantee against losses to the exporters on certain grades of fish, provided they undertook to return stipulated prices to the fishermen, and formed co-operative marketing groups to eliminate unnecessary sales competition and price-cutting. These measures, however, have been criticised in Newfoundland as mere palliatives, and for five years the country has looked in vain to the Commission for a thoroughgoing programme of reconstruction in this

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industry. The conviction is growing that a measure of government control must be extended from the marketing to the production of salt codfish.

There is, moreover, an urgent need for the expansion and the diversification of Newfoundland's fisheries. The Government, according to recent indications, has grasped the salient fact that other branches of the industry must be developed. An agreement between the Government and the Santa Cruz Oil Company for the exploitation of Newfoundland's enormous herring resources is awaiting Dominions Office sanction. The Government is also seeking to attract foreign capital for the establishment of the fresh codfish industry, and an agreement has been initialled with the General Sea Foods Corporation of Boston, U.S.A., in an attempt to secure a portion of the vast potential United States market for the sale of fresh-frozen codfish from Newfoundland waters.

An analysis of the fishery returns clearly demonstrates that the income of the fishermen must be augmented from other sources, the most obvious of which is the land. The Commission has therefore been endeavouring, with fair success, to stimulate interest in farming, and to promote less primitive methods of cultivation. A model farm is being conducted, and a farmers' training-school is being operated in conjunction with it. Experiments in land settlement are being made in five districts, but one of them, the largest, is a failure, and the others are of dubious economic value. Professional farming can be carried on profitably only in a few favoured areas, and the future of agriculture appears to lie rather with part-time subsistence farming on the part of fishermen and loggers. The Government has accordingly distributed bonuses in kind in the hope of encouraging the improvement of soil, the clearing of new land, and the establishment of small holdings. Agricultural societies have been formed, and the Government has co-operated with them in an attempt to improve the breed of livestock. Moreover, confidence in the quality of domestic farm

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produce is being gradually engendered by the introduction of the National Mark and by the strict enforcement of the Vegetable Grading Act of 1935.

Last year the natural resources of Newfoundland were investigated by Mr. J. H. Gorvin of the United Kingdom Ministry of Agriculture and Fisheries. His report, which advocated certain definite measures of reconstruction on a regional basis in both fisheries and agriculture, was, on the whole, very well received throughout the Island. His subsequent appointment as Commissioner, combined with certain provisions of the new budget, indicates the adoption of at least the gist of his recommendations. Their practical application presents difficulties, but should provide a starting-point on the road to rehabilitation.

Capital on a large scale is, however, imperative. The Commission, both in its work of economic reorganisation and in its administration of the social services, has been almost fatally handicapped by the lack of adequate funds. Small grants-in-aid have proved useless. Every month lost has meant increased depreciation of boats and gear, and, what is far more important, the deterioration, physical, mental and moral, of a fine race of men. The cost of delay has been human degradation. It is too high a price. The Dominions Office appears, at last, to have sensed the true gravity of the situation. The budget for 1939-40 makes provision for special reconstruction expenditure of over three million dollars, bringing the total estimated expenditure to the unprecedented aggregate of \$17,116,908. As revenue is estimated at only \$11,381,700, a deficit of approximately six million dollars is envisaged, which will be met by a grant-in-aid from the United Kingdom Treasury. This must be regarded as a very generous measure of financial assistance from the Mother Country, particularly at this critical juncture, when her own financial resources are being strained to the utmost by the colossal effort of her defence programme. The fact, too, that this grant is being made to finance a new policy of all-round

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reconstruction is generating new hope in the hearts of Newfoundlanders.

IV. POLITICAL RECONSTRUCTION

THERE is a crying need, at the same time, for political reconstruction. While the ultimate objective must be a return to responsible government and Dominion status, the time is by no means ripe for the termination of government by Commission. The following proposals are tentatively submitted as modifications of the present system that might improve its efficiency, while facilitating the transition to eventual self-government.

Local self-government is unknown in the Island, except for the municipality of St. John's. The Government should therefore introduce a scheme of local self-government as speedily as possible. The services of co-operative field-workers, teachers, and other local officials should be used to impart a knowledge of the rights and obligations of local responsible government to the people of the outports. In view of the administrative inexperience of outport citizens and of geographical obstacles to the co-operation of scattered settlements in some parts of the Island, this plan of local government would have to be developed very gradually. But developed it must be if the civic consciousness of the people is ever to be aroused. These local elected councils would provide a training-ground in which local leaders could serve an invaluable political apprenticeship that would in time equip them to grapple with public questions of national importance.

In the second place, the Commission has been handicapped by its non-representative character and might with advantage be assisted by a central advisory council composed of, say, twelve members to be elected by the people as their representatives for a term of three years. This council would be consulted by the Commission of Government before the latter passed any important measure or

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arrived at any vital executive decision. The Commission, of course, would be entitled to reject such advice, if it thought fit, but it would be expected to give careful consideration to the views of the council, which would, moreover, have the right to bring proposals of its own to the attention of the Commission. Later, the council might be allotted some degree of control over the Commission, and this control might be increased by regular stages.

The election of such a representative body would serve several important purposes. It would free the Commission from the charge frequently brought against it at present that its policy is seldom communicated to the public until after a final decision has been reached. Additional weight has been lent to this charge in recent months by the character of the official communiqués of the Commission meetings, which have degenerated into bald catalogues of Acts passed and appointments made. It would provide an effective means whereby the Commission could be kept informed of the reactions of public opinion to its measures and proposals, a matter in which the Commissioners themselves have felt themselves seriously handicapped. It would help to ease the transition to responsible government in due course by keeping alive the democratic traditions of Newfoundland and by giving to the future leaders of the community an opportunity to study at first hand the full implications of current developments in legislation and administration. Otherwise the termination of government by Commission may well find the country destitute of political leadership.

In view of the ignorance of Newfoundland affairs displayed recently in the House of Commons at Westminster, it is further suggested that two members of this advisory council, chosen by itself, should be entitled to attend the sessions of the House without voting power. These members would, of course, normally reside in Newfoundland, except during the sessions of the United Kingdom Parliament, when they would visit England and participate

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in any debate touching the interests of Newfoundland. By this device some of the graver dangers implicit in remote control from Whitehall might be avoided or at least considerably diminished. 'This is admittedly a radical proposal, but it appears to be the only means whereby, under the system of Commission government, the Mother Country can free herself from the reproach of permitting "taxation without representation" to be imposed on a once self-governing Dominion.

Further necessary reforms involve no such radical departure from precedent. At present, under the Letters Patent of 1934, His Excellency the Governor acts as chairman of the Commission of Government. In view of the increasing unpopularity of the Commission's measures, this position may become both embarrassing to the Governor personally and derogatory to the dignity of the Crown. The Letters Patent should therefore be amended to enable His Excellency to withdraw from active participation in the policy of the Commission to the more exalted sphere in which the representatives of His Majesty the King moved in the days of responsible government.

It is felt by many that the appointment of civil servants to the Commissionerships of Natural Resources and Public Utilities has been unwise, and that their attachment to routine methods and their lack of technical industrial knowledge handicaps them in undertaking what is, after all, a pioneer work of reconstruction. It is to be hoped that, in future, a first-class business man with wide practical experience of the fishing industry will be appointed as Commissioner for Natural Resources and that an expert mining and metallurgical engineer will be selected as Commissioner for Public Utilities.

Furthermore, three years is much too short a time to afford the United Kingdom Commissioners a real opportunity of familiarising themselves with the conditions of Newfoundland. The appointment of Commissioners for a longer term—say, six years—would avoid this disadvantage,

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and would put them in a better position to understand and solve the problems of the country.

In 1934, the people of Newfoundland felt that the surrender of responsible government, even for a brief period, was a very heavy sacrifice that could be justified only by the country's complete and rapid economic recovery. Almost everybody looked forward with child-like faith to the establishment of a speedy millennium. They underestimated the magnitude of the economic problem and over-estimated the capacity of the Commissioners whom Great Britain would send out to them. In the spring of this year, when prosperity seemed as far off as ever, excessive optimism was followed by a pessimism that was also perhaps a little excessive. The contrast between the high hopes of 1934 and the bitter disillusionment of 1939 was almost heartbreaking. The Commission, it was felt, had pursued the wrong policy. It had also, and only partly because of its wrong policy, forfeited the confidence of the people.

The Commission of the future must not only pursue the right policy; it must also convince the people that it is right. To do so it will need to adopt a much more sympathetic attitude towards public opinion. At present popular criticism is more negative than positive, destructive rather than constructive. Public opinion hardly knows what it does want, but it does know what it does not want—and that is the Commission in its present form and committed to the policy of the last five years. Only inspiring leadership combined with constructive ideas can now free Newfoundland from the chains of misery and despair in which the misfortunes of a generation have bound her, and enable her to regain her status as a self-governing Dominion within the British Commonwealth of Nations.

BRITISH NEWS BY WIRELESS

I. THE WHITE WAR

AS July passes into August, in this fateful year 1939, the so-called "white war", which has already been raging for many months, shows signs of entering a decisive phase. Some call it a battle of nerves; but that is only one aspect of the war by words and whispers. The weapons in this war are all the instruments of modern publicity, headed by radio and the newspaper: the tactics vary according to the terrain to be covered and the immediate objective to be gained: the strategy, as displayed by those who have made this new art of war their own, is aggrandisement of the nation and its policies, denigration of those regarded as its enemies, the sowing of confusion, fear, jealousy and doubt among their peoples, and the flattery or terrorisation of small Powers and special interests. It is not a war launched by the democracies, but one in which they have been forced to take up arms in self-defence. Just as Great Britain and her fellow members of the "Peace Front" have flung themselves into rearmament in a grim attempt to make good the march stolen on them by the totalitarian Powers from 1933 to 1936, so the British campaign in the war of propaganda is not aggressive but defensive, an effort to reply by the obstinate reiteration of truth to the bombardment of foreign falsehoods.

This effort is lightened by the fact that the cause for which Great Britain and the other democracies stand is a moral and universal cause. It appeals, without the aid of advertisement, not to their own people only, but to civilised and freedom-loving men everywhere. That does

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not absolve them, however, from the duty of making their cause known, nor save it from being abused and misrepresented by those whose ambitions it obstructs. In respect of international actions and motives, as experience amply shows, it will not do to rely on the assumption that good wine needs no bush. There are vast tracts of world opinion to which the British case is unknown in its true light, either because it has never been explained, or because between it and the public there has been interposed the distorting glass of foreign propaganda.

For three reasons the radio has been the first of the chosen weapons of propaganda across national frontiers. The first is that it can penetrate insidiously right into the homes of the people upon whom it is exercised. It can speak to them with a single voice, from morning to eve, whether they be in great cities or far-away hamlets and homesteads. And it can speak to them urgently, at once, when a crisis arises and decisions have to be taken by public opinion as well as Governments within a few hours. Of the available weapons it is the most easily employed, and gives the best value for money. The second reason is that radio propaganda cannot be stopped at customs barriers or ports of entry. It is to the newspaper or pamphlet what the aeroplane is to the infantryman. There are indeed means of direct defence—jamming,* or the compulsory limitation of the range of receiving sets. But just as some bombers will always get through, so will some wireless waves. Moreover, those means of defence will be used by democratic Powers in peace-time only under extreme provocation, and are not being used by them yet.

The third reason is that in the field of radio transmission all countries started, roughly speaking, from scratch. None of the great Powers was under the handicap, as several of them were in regard to international cables,

* *i.e.* the spoiling of reception by interference on the same wavelength.

BROADCASTING IN BRITISH COMMONWEALTH

that for various geographical and historical reasons (including the fortunes of war) it had few lines of communication under its own control, or none at all, while its rivals could span the whole world with theirs. The ocean cables of the world are predominantly British and American : but the ether is as open to a landlocked country as it is to a great maritime Power. In some ways, indeed, the totalitarian countries of central Europe are specially favoured by geography for obtaining world coverage by short-wave radio; for many of the principal areas which it is important for propaganda purposes to reach can be served by them with narrower beams than, say, Great Britain or the United States must use. They can therefore give a stronger " signal " from equal transmitting power.*

II. BROADCASTING IN THE BRITISH COMMONWEALTH

THE British Isles are fairly well situated for the purpose of obtaining world coverage on radio beams. But if the Empire is considered as a whole its advantages in this respect are overwhelming. It has nevertheless failed disgracefully to make use of them. Countries like Germany or Japan must radiate to the whole world from their own home territory. They cannot establish radio stations at the other ends of the world under their own flag. Great Britain can. Her opportunities, however, have been

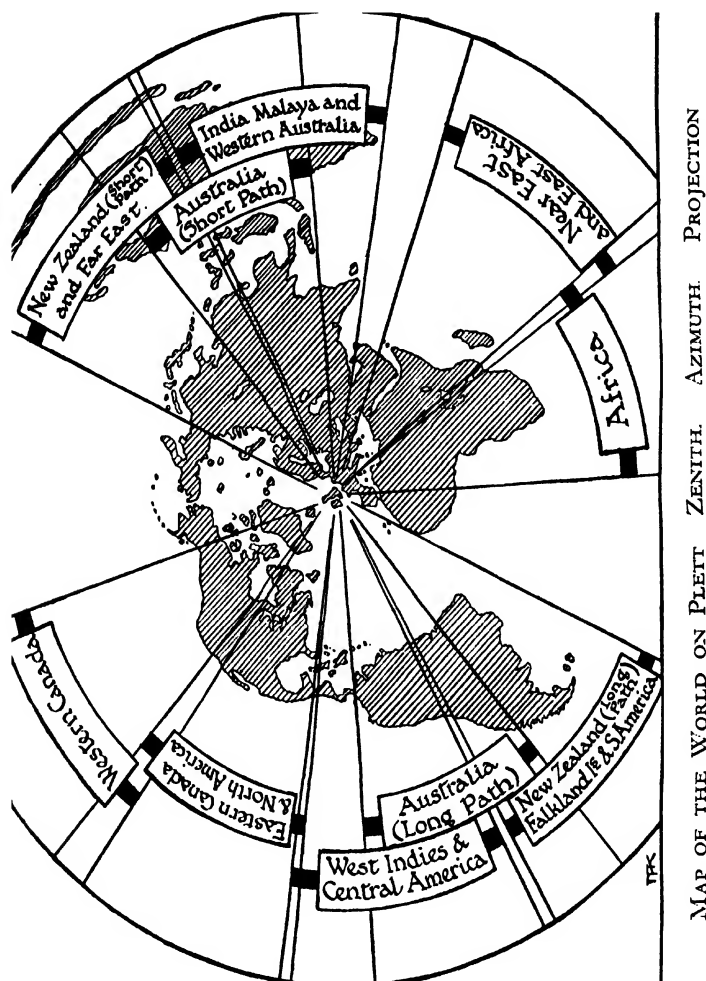
* See the specially drawn map on p. 723. The strength of a broadcasting " signal " varies inversely with the angle of the sector or beam in which it is concentrated. Distance of a given area from the transmitter is therefore not the only factor determining the signal strength under given transmitting power, even if atmospheric conditions are taken as constant. Width of the arc which the area occupies in relation to the transmitting point is equally important. The seaboard of east Asia from Japan to Java may be cited as an example : the Philippine islands are, to the eye, the most centrally situated point in relation to this zone; but Tokyo or Singapore would be a much better point from which to cover it with broadcast waves, since the whole of it lies within a narrow sector radiating from either of those cities, whereas from the Philippines a much wider angle of arc would be needed.

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gravely neglected. Even local medium-wave broadcasting is backward in the colonial empire, largely because there has been no consistent imperial policy concerning it. Development has been left to the enthusiasm or apathy of colonial Governments, which have frequently not had the financial means, even where they have had the desire, to build and maintain radio stations that could not possibly pay for themselves out of local licence-revenue for many years. These stations would be giving programmes to neighbouring territories, British and foreign, without return. Every one of the Dominions has a medium-wave broadcasting service for its own national purposes. But none of them has a short-wave service capable of giving reciprocity with the Empire service from the United Kingdom, let alone affording world coverage. Australia has inaugurated a short-wave service which can be heard in the South Pacific zone, but it is only of low power, and can hardly be regarded as more than a regional expansion of the local broadcasting service. There is a short-wave station in South Africa of which the same is true, though its power is larger. All-India Radio, controlled by the Government of India, has several short-wave stations, but they are designed entirely for Indian purposes, being more effective than medium-wave stations for so large a country with such difficult physical conditions. Indeed there is not anywhere in the whole British Commonwealth, outside Great Britain, a single high-power short-wave broadcasting transmitter.

The sole British system of long-distance public broadcasting is transmitted from Daventry in the Empire programmes of the British Broadcasting Corporation. The B.B.C. is a United Kingdom organisation, deriving its revenue from reception licence fees in the United Kingdom only. Thanks to the initiative and the imperial patriotism of a few people within its own organisation, it has been broadcasting an increasing length, variety and strength of programmes to the overseas Empire since 1927. But

BROADCASTING IN BRITISH COMMONWEALTH



(Prepared by the Royal Institute of International Affairs from a map published by the WIRELESS WORLD, by courtesy).

This map-projection shows the angles which the various territories of the world subtend at a point in England, for purposes of directional radio transmission. The beams marked on the map correspond to the several transmissions in the B.B.C. Empire short-wave service. Each beam occupies an angle of 36° : in such a beam the signal strength at the outside edges is roughly half the strength along the central path.

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it was the appointed business of no government or public authority to see that an imperially financed and imperially controlled broadcasting system was able to cover the whole British listening world, let alone foreign countries. The far-flung Empire became, in the matter of broadcasting, a liability to the B.B.C. rather than an asset to British Commonwealth broadcasting as a whole.

Two things in particular would have been and are still needed to turn its distances and its geographical variety from a liability into an asset. The first is the erection of high-power, short-wave radio transmitters in the several oversea Dominions, with the possible exception of New Zealand, and also in India. The second is the erection, at two or three focal points in the dependent Empire, of high-power, short-wave stations to relay B.B.C. programmes, and to re-broadcast translations of those programmes in the languages of countries in their region. These measures should have been taken long ago; but it is not too late. The need to take them has been increased, not diminished, by the delay hitherto. As far as the Dominions and India are concerned, they themselves must decide, under the stimulus of their own public opinion. But public opinion, unless it is vigorously led, is unlikely to demand something which is of no immediate utilitarian merit, and the cost of which falls at home while the benefit is apparently reaped abroad. The ideal means of approach would probably be an imperial broadcasting conference, bringing together responsible delegates of both governments and broadcasting authorities. But this is scarcely feasible during the present international crisis, and further delay is dangerous. It is therefore up to the Dominion and Indian Governments themselves to give the required lead to public opinion.

As for the focal relay stations, they are urgently needed to reinforce the British voice in areas not easily or economically covered from the United Kingdom, such as the Far East, western North America, the Near East and North

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Africa. The exact choice of site is a technical, and in some measure a strategic, problem which it is not within the competence of this article to discuss; but at least one station in the western hemisphere and one in the eastern are plainly indicated. It is high time that these schemes, which it could hardly take less than two years to complete, were put in hand as a matter of defensive necessity. They should be financed, as far as possible, co-operatively by the several countries of the Empire most nearly concerned, but the brunt of the burden would inevitably and properly fall on the United Kingdom, just as it does in military forms of defence.

At the same time, it is highly desirable that the short-wave transmitting facilities of the United Kingdom itself should be increased. Germany, though having no empire with whose peoples she has to keep in touch, regularly uses at least eight high-power short-wave transmitters. The B.B.C. now use five and will shortly possess six, supplemented for the time being by three low-power transmitters. (Postal transmitters are not included for either country). If Italy and France respectively are added to the two sides, the sum works out even more in favour of the totalitarian States. This is one of the reasons for the complaints—which, it must be admitted, are not always well founded—that Zeesen is stronger than Daventry in certain areas of the Empire. It must be remembered that apart from its foreign broadcasts the B.B.C. sets itself to cover every part of the Empire at those times of day or night when the local inhabitants are most likely to want to listen in, whereas Germany can concentrate on those areas or peoples, such as the Near East or the Afrikaans-speaking section of South Africa, which she particularly desires to impress.

The multiplication of the B.B.C.'s foreign-language broadcasts during the past few months, despite the reluctance to embark on a "radio race" with other Powers, is a tribute to the high value that this form of national publicity

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is recognised to possess. An extension of the broadcasts to other languages, whenever this was held desirable in the public interest, would be greatly facilitated by the possession of extra high-power transmitters, which would also enable the existing broadcasts to be continued for longer periods. At present the B.B.C. broadcasts four oversea services. The first is the Empire service, which is transmitted on several wave-lengths and directional beams * for 19 hours out of the 24, every day. It includes a special weekly programme in Afrikaans. The second service is in Arabic, which occupies one hour a day. The Latin American service occupies three hours, including two special news-periods in Spanish and one in Brazilian Portuguese. The European short-wave programmes daily fill the whole of twelve hours between 11 a.m. and 11 p.m. Greenwich time. They include entertainment material drawn from other programmes, with special periods in English, German (three-quarters-of-an-hour daily), French and Italian (half-an-hour each), and Spanish and Portuguese (quarter-of-an-hour each). The need for adding other languages, principally in Europe, is obvious, if only in order not to lose further ground to the totalitarian Powers, who are already broadcasting in them regularly.

The heart of the programmes in foreign languages is the news bulletins and news commentaries. The aim is to report facts truthfully, to interpret facts fairly, and to make British policy (itself a factual element of news) more widely and accurately understood. News bulletins and commentaries form only a part of the Empire short-wave programmes, which are intended primarily for the Dominions, India and the dependencies overseas, but they are recognised as probably the most popular and certainly the most important part. The problem, therefore, of increased transmitting power for broadcasting from the United Kingdom, from the Dominions and India,

* See map on p. 723.

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and from focal points in the colonies, is essentially a problem of spreading British news—news of Britain and the British version of the international news—more widely and more effectively among world public opinion.

III. PRESS NEWS BY RADIO

THERE is another aspect of the same problem which is also closely connected with radio transmission. That is the distribution of news to the world's press.* The development of cheap wireless communication has not been without its effect, both beneficial and adverse, upon the British news agencies, of which by far the most important, and the only one that need be mentioned for the purposes of this article, is Reuters, with its affiliates. Reuters is still supreme, as a source of press news of world affairs, throughout the British Empire. In the Far East, however, formerly a preserve of Reuters, it has an exceedingly stiff fight to wage against foreign news agencies, such as Domei (Japan), Deutsche Nachrichtenbüro (commonly known as D.N.B.), Stefani (Italy) and Havas (France). All these news agencies, if not state-controlled, are subsidised by the state directly or indirectly. The American agencies, Associated Press and United Press (known as A.P. and U.P.), have also advanced in the Far East at the expense, to some extent, of Reuters. They are able to operate more cheaply, not because they are subsidised, for they are not, but because they cover their costs in their main field of exploitation, the United States.

The principal zone of influence of these American agencies, outside the United States itself, is Latin America. Here Reuters has never had a foothold, as a result of a self-denying clause in its covenants with Havas in former days. At the present time such British news as reaches South America by direct channels is contained in the

* See the article on *British News Abroad* in THE ROUND TABLE, No. 107, June 1937, pp. 533-546.

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B.B.C.'s Spanish and Portuguese short-wave programmes. As far as the newspapers are concerned, South and Central America used to be the preserve of Havas, but latterly the French agency has had to withstand the competition, not only of A.P. and U.P., but also of D.N.B. and Stefani, which have done their utmost to spread German and Italian versions of the news—including news of the British Empire—in Latin America. In Europe, each of the larger countries maintains a home monopoly for its own national agencies; but, to the extent that a neutral or free market exists, Reuters is handicapped as it is elsewhere by the fact that its competitors among the continental agencies are without exception subsidised by their Governments.

It is not suggested for one moment that Reuters itself should receive a subsidy from the British Government. To do so would be to rob Reuters of an advantage that is worth far more in the long run than financial ease, namely, the belief of the world in the truth and detachment of its news. A grant of public money by way of subsidy would lead in the end to the imposition of public control, and to a grave encroachment on the freedom of the press. But there is one aspect of the problem to which special attention needs to be directed, and it is the aspect on which this article has already touched. One of the fundamental reasons for the difficulties encountered by Reuters in the news war is the relatively advantageous use made of the radio by its competitors for the dissemination of news.

The news broadcasts of the B.B.C., the material for which is furnished mainly by Reuters, are copyright, and may be neither re-broadcast by local stations nor taken down and used by the newspapers. This rule of copyright is maintained in order to preserve the legitimate commercial interests, not only of the agencies, but also of the newspapers in the receiving countries. A news agency such as Reuters, that is to say a news agency not dependent on subsidy from the state, has to meet the enormous cost of a world-wide news-collecting service entirely from the

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subscriptions that it receives from newspapers, with such small supplements as are paid by broadcasting authorities. If newspapers were free to take their news gratis from the air, competitive newspaper enterprise would be stifled, and the sources of unsubsidised news would dry up. By contrast, no copyright is imposed, as a rule, on oral broadcasts from foreign countries. That does not mean, however, that newspapers everywhere are free to publish such broadcasts, for their publication is forbidden in many countries. The reasons are not only political. They are also financial, and take into consideration the fact that a substantial loss of telegraphic revenue would be suffered if the newspapers were enabled to receive news by radio free of cost.

The withholding of the right to re-broadcast radio news from local stations—a very proper safeguard from the point of view of the news agencies and the newspapers—has given rise to controversy in the past and may do so again. During the crisis of September 1938, there was an intense demand throughout the Empire for the swiftest and most complete service of broadcast news, and hence for a relaxation of the ban on re-broadcasting B.B.C. bulletins. Reuters patriotically waived its copyright for the period of the crisis, and B.B.C. news was widely re-disseminated. Such strong hostility, however, was expressed by Australian newspapers and the principal Australian news agency to this infringement of their undoubted rights, that the copyright in the news sent out from Daventry was restored in Australia after a very brief interval. A situation of that kind, having a perfectly reasonable explanation but liable to misunderstanding by the public, might recur if in another world crisis the same general circumstances were repeated. There is no simple way of avoiding it. From the point of view of the agencies, the share of the news-collecting cost that is borne by the B.B.C., in the way of payment for their news services, is far too low to justify a procedure calculated to injure the

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interests of the newspapers, who meet virtually the whole of the cost. A much larger payment for news services by the B.B.C. might perhaps redress that particular balance, but unless it were accompanied by some very substantial gain for the newspapers themselves it would not fully solve a very complicated problem.

The problem cannot be solved without reference to the broader picture of the whole supply of news to the world press. Here again the invention of wireless has entangled what might otherwise have been a simple issue. In addition to word-of-mouth broadcasts, each of the official agencies of the Axis Powers transmits by radio regular bulletins of news in morse. These being subsidised, and no charge being made for transmission, apart from the reception fee charged by various Administrations, they are available for publication in newspapers either gratis or on payment of a very small subscription. To a certain extent a comparable service is British Official Wireless. It does not pretend, however, to be a general news agency service. It is a short daily bulletin of news issued from the Press Department of the Foreign Office. It consists generally of official news and official interpretation of the diplomatic news. Its character is determined by the need to preserve the legitimate rights of Reuters and the Dominion news agencies as commercial concerns, which would have a serious grievance if their Government entered into competition with them in offering a full and attractive news service to their customers.

Reuters itself puts out a series of "multiple-destination" wireless services which can be picked up with suitable equipment in most parts of the world. But in respect of the price at which these services can be offered to newspapers they find it hard to compete with the subsidised news transmission of the totalitarian States. Where a number of different destinations can be served with the same messages, the cost of transmission by radio is far less than the cost of transmission by cable. News agencies

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of the Axis Powers, bolstered by subsidies, take advantage of this comparative cheapness of radio-telegraphy for multiple addresses, while Reuters, although it avails itself so far as it can of the radio multiple-address system, has to pay the charges itself and is therefore at a disadvantage in price competition with subsidised rivals.

A reduction of the wireless rates for multiple-destination press messages, to a level enabling the British news agencies to compete on fair-and-square terms with their foreign rivals in this field, appears as the obvious answer to the difficulty. The objection can be made, however, that it would unduly undercut cable transmission. It is true that the multiple-address system of radio transmission, under the international regulations by which it was constituted, is subject to limitations that do not apply to cable transmissions. Nevertheless it is arguable that the multiple-address system tends to divert traffic from cables, and thus to affect the revenues of Cable and Wireless.

Since it is indeed a matter of national policy to secure wider dissemination of British news, any necessary compensation to Cable and Wireless in this connection might reasonably be made a national charge. Possibly, the reception of multiple-address radio news from Great Britain could be entrusted in certain countries to Cable and Wireless, and the difference between the latter's legitimate charges for reception and the rates desirable in the national interest could determine the amount of subvention required. But whatever arrangement be made the essence of the proposal is that, while Reuters and the Dominion news agencies should be left entirely independent of the government, they should be enabled to give a much wider and cheaper service of news. This might be achieved, it is suggested, through the reduction to a suitable level of the emission charges of the government radio-emitting stations, combined with a grant of financial assistance to Cable and Wireless in compensation for their making suitably low reception charges in countries

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where this is feasible. Cable and Wireless might also be asked, in return, to make a further reduction in charges for other forms of press messages.

Under the scheme thus outlined, extended broadcasting by the B.B.C. and extended provision of news through the multiple-address wireless would be mutually complementary. Newspaper interests would not be disturbed. There would be no reason why the broadcasting authorities should encroach on their domain. The task of the broadcaster would be to reach the ear. The task of the news agency and newspaper would be to reach the eye. Experience has proved that these two forms of approach can be made complementary and co-operative rather than competitive and hostile. News to the ear increases the appetite for news to the eye, which can be far more complete and reasoned than word-of-mouth bulletins.

The annual cost to the Treasury of the proposed scheme would probably be rather less than the upkeep of a single cruiser; but the return in ultimate defensive value would be out of all proportion.

UNION: OCEANIC OR CONTINENTAL

I. NEW LOYALTIES FOR OLD

THE puff of propaganda and the cut of criticism, which during the past few months have played upon the project of international union, have combined to expose the basic problems to which that project gives rise. They are not problems of constitutional detail, nor of economic adjustment. The basic problems are rather social and spiritual, problems in the relations of men to their fellow men. Political institutions must be founded not only on the interests, but also on the sentiments of those concerned in them, and it is no use planning the architecture of federal union until we can feel sure that the foundations of common interest and common sentiment are strong enough to bear it.

This is what THE ROUND TABLE wrote, a few years ago, concerning the impact of economic change on the structure of federal States :

Political systems are a complex of rights and duties, resting ultimately on the question, to whom, or to what authority, does the citizen owe allegiance. . . . Is it the federation or the constituent state? If the answer is the federal government, as for the vast majority it must be, then an integration of powers, designed to meet the necessities of economic circumstances, accords with the underlying realities, by whatever process it may be secured. If the answer is the constituent state, then such an integration merely lays in store a fresh and still more dangerous conflict.*

If it is necessary to ask such questions about loyalties within established federal states, how much more necessary is it to ask them about the basis of allegiance for a federation of what are now sovereign nations?

* THE ROUND TABLE, No. 101, December 1935, p. 114.

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In modern political affairs there are two contrasting trends, the one towards integration, the other fissiparous. On the one hand, the nineteenth-century spread of the Pax Britannica: on the other, the twentieth-century change from British Empire to British Commonwealth of independent nations, each entitled to its own sovereign decision on the least and the greatest matters. Within a single generation, the break-up of the Austro-Hungarian Empire on the one hand, and on the other the rise of German hegemony in eastern Europe, involving the disappearance of two sovereign States and the virtual subjection of two or three others. On the one hand, the reduction of Turkey from a vast empire of many lands to a single national kernel: on the other, the growth of a common sentiment of the whole Arab world from the Atlantic to the Persian Gulf.

These two contrasting trends correspond to two sets of social needs. The development of transport and communications, the economic integration of the world, have made it imperative to build politically upon an ever wider basis of common material interest. Education and travel have broadened the knowledge of ordinary men and with it their sense of citizenship. The advance of military technique, furthermore, has made more disastrous than ever the outcome of national divisions, and has made that disastrous outcome known to every home.

Yet the very movement towards integration, which these factors promote, brings a reaction in its train. The larger grow the total numbers of an organisation, the smaller becomes the relative size of a given minority within it, and the less, therefore, is that minority's influence likely to be upon the affairs of the whole. The widening of the organisation is indeed liable to create new minorities: in Great Britain, for instance, Englishmen are in a substantial majority, whereas in an Anglo-American federation (if that were possible) they would become a fractional minority, and this without relieving but indeed intensifying the

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minority status of Scotsmen, Welshmen and Irishmen, who already have that status in Great Britain. It is the same with economic, religious or social as with national groups : the extension of the whole diminishes the relative importance of the several parts. By such an extension, existing minorities may indeed be merged into majorities (as, for instance, the Catholic minority in Ulster would become part of the religious majority if Ireland were reunited), but in each such case, as a necessary corollary, an existing majority becomes a minority. On the whole, the process of enlarging political units is bound to create new minorities and to reduce those that already exist. There may come a stage in the process when the sentiment or interest (or a combination of both) of the citizens as members of minorities begins to outweigh their sentiment or interest as members of the larger group. At that stage, the fissiparous tendency enters into active conflict with the need for integration.

It is more often sentiment than material interest that makes citizens minority-conscious, for men cannot live by bread alone. One of the perils of wide political units is that they are liable to neglect or even suppress the sentimental and traditional impulses of their minorities. The Union of South Africa is a case in point. The Union was brought about through sheer material need : economic and political catastrophe was the certain result of leaving four such neighbouring countries, having so many common problems, without any common means of government. The Union has flourished for close on thirty years because it brought into being a sense of South African citizenship, which could offset the forces of particularism. The British majority in Natal became a British minority in the Union, but at the same time it became part of the South African nation. The wider sense of citizenship was able to transcend the minority motive because neither the special economic interests nor the peculiar sentimental symbols of the minority were grossly interfered with by the majority ; and it will continue

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in the future under the same proviso. But latterly there have been signs of grave and growing offence on this score, and if once the British minority, as a whole, is driven to think of itself as a minority first and South African afterwards the foundations of the Union will have been shaken.

II. THE BASIC CHARACTER OF UNION

ALL this points obvious lessons for the study of the project of international union. When such a project takes practical shape, it must fulfil three conditions. First, while providing amply for the pooling of common interests, its constitution and administration must give sufficient rein to the interests of minorities, which would be multiplied in number or reduced in relative weight by its coming into being. Secondly, while building up a symbolism and a pattern of sentimental loyalties of its own, it must not oppress nor even offend the symbolism and loyalties of its constituent communities—a consideration of vital importance in regard, for instance, to the place of monarchies and republics in the greater union. These two conditions point, it may be noted, to a loose rather than a close federation, at least until experience had tightened its bonds. It would be, in effect, a union for certain purposes only—all-important purposes, but few in number compared with the whole range of public affairs.

Some people have argued that it is a question of all-or-nothing, that sovereignty must be either kept by the nation or resigned to the union, as if it were an indivisible quality like virginity. This is surely a mistake. Sovereignty may be shared in varying proportions, as it is, for instance, between the Australian Commonwealth and states.* Even a

* "It has been ruled by the High Court . . . that the State Parliament may in matters within its sphere bind the Crown in the Commonwealth. . . . The Crown in the Commonwealth and in the State are so distinct that one can sue the other not merely on contract, but also even against its will in tort under the constitution." A. Berriedale Keith, *The Constitutional Law of the British Dominions*, pp. 304-5.

THE BASIC CHARACTER OF UNION

customs union represents a partial pooling of sovereignty, if there is a common authority, responsible to the public, for settling the rates of customs. The contrast between the union system and the league or treaty system of international collaboration, which leaves sovereignty intact, does not lie in the completeness of the sovereignty that is resigned by the collaborators. Nor does it lie in the nature of the instrument whereby it is resigned—constitution or mere pact—since all constitutions are, to begin with, pacts among the parties to them. It lies in the nature of the body that exercises the transferred powers. It must not be a delegate assembly of the parties, but in effect a government and parliament of the people. An international organisation, provided it satisfies this test, is none the less a form of federal union for having only a limited field of powers.

Yet, however limited its jurisdiction, any form of federal union must fulfil the third condition that has been taught us by experience of existing political institutions. It must be so grounded in the common interest and common outlook of its constituent peoples that it commands sufficient loyalty of its own to transcend minority motives within its own field of powers. That field must embrace, as a minimum, foreign policy and defence and the financial means of providing for them. These are matters where national sentiment is tremendously strong, and the appeal of the federal union must therefore be still stronger in order to overcome it. This essential, pre-requisite condition of any form of federal union between nations impels us to examine with the utmost care the bases of sentiment and interest on which such a union could alone be based.

It must be clear, first, that the determining interest behind the advance towards union is political and not economic. True enough, economic nationalism, which union is designed to overcome, has intensified trade depression and hindered trade revival in the world at large. But the enlargement of the boundaries of government is no guarantee of economic

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stability. The possession of a huge and, in a high degree, self-sufficing territory did not save the United States from suffering far deeper depression than many smaller and less favoured countries. Indeed it is arguable that, in the present state of progress in the public control of economic aberrations, a great area, reckoning by wealth and numbers of population, is liable to a more violent sequence of booms and slumps than a smaller one. Certainly the gap between the two ends of the economic scale tends to be wider in the larger community; and economic minorities tend to be more mercilessly submerged. No: if the economic motive alone were at work, the project of union would be neither more nor less essential to the survival of civilisation than universal free trade.

The dominant impulse is political: it is the threatened breakdown of western civilisation through war. The fearful urgency and weight of this motive for union have undoubtedly made men think of it as practical who in less perilous times would have dismissed it as a visionary's dream. That is to the project's advantage.

But the character of the impulse behind it has also done the project a disservice by making people conceive it as a means of deterring aggression rather than a means of establishing world order. Consciously or unconsciously, many of its advocates think of it as designed rather to preserve peace for its members, or even to assure them victory over the "lesser breeds", than to destroy the very foundations of international war. Even Mr. Clarence Streit, the American author whose book *Union Now* has done more than anything else to keep the idea of international federation before the public, is not free of this error, though he is innocent by comparison with some of his self-proclaimed disciples, who treat union as simply the best means yet suggested of baffling the Axis Powers. Mr. Streit talks of his project as bringing about "a permanent unbalance of power". But this is to-day the very objective of Germany, just as it was the objective of France after

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1918 and of the League of Nations itself. And Herr Hitler is just as right as was Monsieur Poincaré or Lord Cecil in believing that if there is an overwhelming "unbalance of power" there is no war—while the "unbalance" lasts. It never lasts long. Balance and unbalance of power alike are by-products of unmitigated national sovereignty. The aim of union is not to translate power-politics into a form comfortable to ourselves but to do away with physical force between nations to the same extent as it has been abolished within national affairs.

III. THE PROBLEM OF MEMBERSHIP

THE aspect of federal union on which judgment is most likely to be distorted by such misconceptions of the philosophy behind it is that of its membership. If the objective is consciously or subconsciously held to be the overcoming of the Powers of the Triangle, who now threaten world peace with their aggressive policies, it is natural to seek some formula of membership that will exclude them while including a sufficient number of other countries to present an irresistible front to the triangular combine. The formula is not, of course, difficult to find: it is democracy. This is indeed a highly important and relevant test of membership. The federation itself would be a democracy, and only those peoples could take part in it who accept the principle of the government of men by themselves, that is to say, rule by elective majority whose responsibility it is to care also for the rights of minorities. AS THE ROUND TABLE remarked in this same connection, however, in a previous issue,*

the test of democracy . . . is not the universal franchise or any particular set of elective institutions, but the question whether there exists freedom of utterance, equality of all before the law, and some means of letting the popular will, freely expressed, control the national policy.

* No. 115, June 1939, p. 483.

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The application of a strict democratic formula to the list of countries as they stand to-day leads to certain conclusions, which Mr. Streit himself has adopted, concerning the initial membership of an international federation. What different approach can be made, consistent with the principle that all participants in union must accept the fundamental doctrine of democracy?

Mr. Streit demands "Union Now", but his real exhortation is "Work Now for Union". He does not mean that it would be wise or practicable for anyone to call to-morrow a constitutional convention to set up a federal union of nations. Therefore, in working for union, and in examining how and in what form it might come into existence, we are entitled to hypothecate changes in the existing order of things, capable of being brought about within the period of years or decades that even the most optimistic champions of union realise must elapse before it could take constitutional shape. It is no less plausible to pre-suppose a new mode of government in certain States which at present have laid democracy by than to pre-suppose, for instance, that isolationist American opinion can be brought to the point of accepting union with half-a-dozen countries of "war-crazy" Europe, or that the French peasantry can be persuaded to endorse a scheme that would threaten to flood their land with the cheap produce of the New World.

This line of approach has the immense advantage that it avoids an offensive air of exclusiveness which may produce an equal and opposite reaction during the period when union must be the object of popular agitation rather than political action. It saves union from being branded by one group of critics as a new species of encirclement, and by another as a new device for getting America to pick England's chestnuts out of the fire. Is it not better to say, for instance, to the German people: "Here is a project of immense value and vision in which Germany, if she chose, might participate as an initial member: what do

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you think of it ? ” than to say : “ Here is a project in which we and our friends, being good democracies, can alone participate ; indeed we are planning it largely in order to see that you do not get your way by force : but once it has come about, and is seen to be so strong that you would not dare defy it, then out of envy you could change your mode of government and we would consider whether we would not let you in ? ”

The above argument is intended, not to show positively that Germany or any other non-democratic country ought to be included in the list of potential members of union, but merely to clear the ground for a fair and unprejudiced study of the possible membership of union, in terms not of present disqualifications that make it seem impossible, for they are legion, but of permanent qualifications that may make it possible in the end.

IV. PROS AND CONS

THE two contrasted themes concerning potential membership are ideological on the one hand and geographical or cultural on the other. There is much to be said for each. The ideological approach led Mr. Streit to propose a union consisting of sixteen democracies : the United States, the self-governing nations of the British Commonwealth, France and eight smaller democracies of Europe. The geographical and cultural approach led Count Coudenhove-Kalergi—whose ideas have experienced a popular revival under this new stimulus—to propose a series of unions, each based on continental solidarity. It will be well to consider these two proposals on their merits as contrasting possible bases for international federal union. From the point of view of Great Britain, they present themselves as a choice between participation in an oceanic union and participation in a United States of Europe.

The major merits of the former concept are fourfold. In the first place, it would unite a group of peoples having

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long experience of parliamentary democracy, of the responsibilities of freedom, and of respect for minorities. In the second place, it would link constitutionally countries that are already closely linked economically and ideologically, through their situation on the world's oceans. Contiguity by land is not the only kind of bond that geography provides: the sea joins as well as separates, and in cheapness and ease of transport France, for example, is much closer to the United States than she is to Rumania. Their situation on the oceans—Switzerland excepted—has also given to the members of Mr. Streit's projected union a common outlook on world affairs, free of the myopia and claustrophobia that sometimes afflict continental peoples. In the third place, oceanic union would enable the greatest of all existing international institutions, the British Commonwealth of Nations, to remain intact, within a wider federation. It would relieve rather than accentuate the present conflict of motives in United Kingdom policy, the conflict between responsibilities to Europe and responsibilities to the Commonwealth. Finally, the oceanic union, being confined to no single continent, would be capable of solving within itself, as indeed the British Commonwealth is capable of solving within itself on a smaller scale, the vital and growing problems of relations between continents and races—provided, that is to say, Mr. Streit's project were modified to allow non-white countries like India, which fulfil the basic democratic condition, to enter the union on equal terms with other members.

On all these points the alternative project of European union (associated with a pan-American federation and other continental unions) is open to criticism. It has, first, to surmount the obstacle of different forms of government, some of which are the reverse of democratic. Secondly, it lays, perhaps, undue weight upon mere geographical contiguity. New Zealand is certainly in the economic and social orbit of the United Kingdom; equally certainly, Rumania is not. The most that can be said is that there

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are degrees of economic connection, just as there are degrees of democracy or dictatorship; and that regarded as a whole a continent like Europe is closely knit in economic and social intercourse—Great Britain, for example, having intimate relations with the Scandinavian countries, they with Germany, and Germany with the Danubian basin. A chain is no less strong because its terminal links do not touch each other.

Thirdly, the continental concept of union would present the United Kingdom, and Ireland also, with a very difficult choice between their European and their extra-European ties. It might mean the virtual dissolution of the British Commonwealth, leaving it as scarcely more than an informal means of technical and administrative co-operation between certain special members of different continental groups. Supporters of the project could argue, of course, that this sacrifice would be worth while, in compensation for the great advantages implied in European unity; or that the importance of the British Commonwealth would actually be enhanced, because it would become the main bridge between the several continental units.

A purely continental union, fourthly, would have no chance of providing, within its own boundaries, a solution of those inter-racial problems which threaten to become more difficult and dangerous than mere international problems within the next few generations. That would have to remain a task for a second stage, when the relations between the several continental federations themselves were reorganised on a new footing.

On the other hand, two arguments of great weight can be advanced in favour of the continental basis of union. In Europe, if it could ever be brought about, it would solve automatically and permanently the problems that threaten to set the whole world ablaze with war, problems of frontiers and *Lebensraum*, problems of rabid and excessive nationalism. These troubles the project of oceanic union, unless and until it led to something wider,

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would not abolish but would only hold in check by creating an "unbalance of power". It would be an enormous combination of the undoubted "Haves" against the self-styled "Have-Nots". The lesson of "unbalance" in the past is that sooner or later it inevitably turns into a balance of power, because the dominant side lacks resolution to retain its advantage, while the subordinate side imposes stern sacrifices on itself in order to throw off its inferiority. The continental form of union is capable, in theory, of abolishing for ever both balance and unbalance of power within each continent. The second great argument for that form is its cultural basis. There is a unity of European civilisation which it will take more than an interlude of National-Socialist barbarism to destroy. This unity is deeply grounded in history and religion, and even some of the apostles of aggression draw inspiration from the concept of a Europe re-united under a Pax Romana or a Holy German Empire. Democratic policy is indeed handicapped to-day by its comparative lack of the unifying motive in its approach to the problem of European order. Certainly it would be unwise to base a permanent organisation of human society on a division in Europe resulting from a peculiar politico-economic conjuncture which may prove only temporary.

None of these arguments, in one cause or the other, is final. They are not indeed advanced here in order to show conclusively the superiority of one type of federal union over the other; for the likelihood is that if and when international union becomes practicable it will borrow from both forms. The point to which this article has been addressed is the need to base any political superstructure on a foundation of common interest and common sentiment which will give rise to a common loyalty. This groundwork of unity in the lives and thought of men must be strong enough and lasting enough to endure as long as the union itself, that is to say, far beyond the horizon even of our dreams.

AMERICA AND THE WORLD CRISIS

I. THE NEUTRALITY LAW

WHAT will the United States do if a war crisis develops in Europe in the near future? What will it do if war itself breaks out? Answers to these questions can be given in general terms.

First, in the event of a threat of war, President Roosevelt and Secretary Hull will use every diplomatic device they and their ingenious advisers can contrive to prevent its actual outbreak. Dramatic or traditional, big or little, they will exhaust every possible effort to tell the dictators that the power of the United States will be to some degree opposed to them in the event of war, and to some degree in support of efforts to work out their problems by peaceful adjustment.

Second, if war is actually precipitated, President Roosevelt will call a special session of Congress (he might do it during the crisis period, as another preventive measure) and will seek the practically guaranteed repeal of the arms embargo clause in the Neutrality Act. The full economic, industrial, agricultural resources of the United States would then be at the disposal of Great Britain and France, though perhaps on a "cash and carry" basis. In particular, the United States would be watching Asia. How, when, or whether the United States would actually be drawn into the conflict is, naturally, a question that cannot be answered, but if one is estimating the probabilities they are that the history of 1914-17 would be foreshortened and repeated.

The American people have two dominant feelings

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toward the world situation today : they want to stay out of war, and they do not like the dictators. They are emotionally unneutral, far more so than in 1914. But they also are against sending an expeditionary force abroad. Therefore the precise pattern of participation might be very different from that of 1917, but it might be none the less effective. One stresses, again, the American desire to stay out of war. It is the most deeply rooted of this whole mixture of sometimes conflicting emotions. But realization is growing that the best way to stay out of war is to co-operate to prevent war's outbreak. However, in this co-operation, Congress certainly and the people in lesser degree are against giving President Roosevelt any new discretionary authority. It is all right for him to continue to exercise the wide range of power already granted the Executive in foreign affairs. But he must not ask for any new validations from Congress until a greater crisis has actually changed present conditions.

These conclusions were all well illustrated in the events of recent weeks. First, the Senate refused to repeal the arms embargo. This decision was a result of many circumstances. The drive for a new neutrality law was deplorably mismanaged by the Administration. It became obscured in the party battles of Mr. Roosevelt's declining political months. It resulted in part from meaningless parliamentary blundering. A dozen different minor "ifs" might have altered the result. The Senate did not exactly want to rebuke Mr. Roosevelt's foreign policy, but it did not like to give him a new vote of confidence that might have been too wildly construed. So it kept him under a kind of check-and-balance by deferring action on neutrality until a European crisis or next January's session—whichever comes first.

Perhaps readers will not object to an American political anecdote. Sometimes these incidents illustrate a point better than sober reasoning. Mention was made of the many "ifs" that swung the balance against repeal of the

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arms embargo. One of them was the fact that the fight in the House of Representatives, because of the rule of seniority in committee service, was in the hands of Representative Sol Bloom, a New York Congressman. Representative Bloom is an affable man, bursting with energy, but particularly unpopular with many Southern and somewhat race-prejudiced members of the House. The rule of seniority has now advanced him to the chairmanship of the House Foreign Affairs Committee. Had almost any other Democrat been in the post, the revisions of the neutrality Act might well have gone through Congress.

Now, how did Sol Bloom get on this important committee, anyway? Many years ago, during his first session of Congress, Representative Bloom and his wife and daughter, who enjoy diplomatic society, were very anxious to secure his appointment to the committee. And it happened that the appointment lay in the hands of Vice-President Garner, then minority leader of the House. Representative Bloom asked Mr. Garner for the job, and was ruthlessly turned down. He looked around for a subtler approach. It turned out that a sage and seasoned Texas newspaperman, a great friend of Garner's, was also under obligation to Bloom. The newspaperman, among other things, was Washington correspondent for the New York *Morning Telegraph*, a racing sheet, and Representative Bloom as a New York Congressman had been very helpful to him. So the Blooms invited the Texas journalist to dinner, and in the course of the meal asked him if he would prevail upon his even closer friend and fellow-Texan, Mr. Garner, to secure the appointment.

The newspaperman went to Mr. Garner and asked him to make the appointment. "I won't do any such a damn-fool thing!" said the forthright Texan. "Oh, do it as a favor to me," said the journalist; "I never asked you for anything before. This fellow Bloom is only here for one term, he'll never be re-elected, he'll never get to be chairman and we Democrats are in the minority, anyway."

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"That's all right," retorted Mr. Garner; "we'll be in office some day, and that fellow is going to get re-elected just as long as he keeps on good terms with Tammany, and he'll be chairman of that committee, you mark my words!" But as a favor Mr. Garner made the appointment, and it turned out that Sol Bloom's chairmanship of the committee was one of the palpable "ifs" that defeated the neutrality Bill revision, with resultant effects on the European situation and, perhaps, on world peace.

This story illustrates the many unpredictable, illogical things in American politics. It shows how the checks-and-balances system really works. It indicates the dead-hand rigidity of the seniority system, by which members of Congress become and remain chairmen of important, even crucial, committees quite without regard to their abilities. And it probably will convey to foreign readers another reason why they find it hard to understand American politics!

To round out an unconscionably long story, the result of the neutrality Bill reversal was temporarily to check and rebuke President Roosevelt's foreign policy. But the check was true only with great reservations. The actual situation remains this: for any period prior to the actual outbreak of war, there are no legislative hindrances on President Roosevelt in his conduct of foreign affairs. The neutrality law comes into operation only when a legal state of war is recognized by the President. And one after another of the Republican and Democratic Senators who voted to shelve the neutrality law for this session have said that in the event of war they believe in revision. Therefore the neutrality law is a sort of fiction, not applicable at present, and almost certain to be repealed by the time it could legally be applied. Moreover, its inhibitions apply only to arms, ammunition, and instruments of war. There is not the slightest legal hindrance to the sale and shipment of cotton, wheat, steel, copper, petroleum, automobiles, engines, trucks, and so on.

So the President's defeat by the Senate was at once seen

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as a temporary and a psychological victory only. And even the temporary and psychological gains soon came to be cut down. For the Senate did not have the support of any representative part of the press, and there were many indications that large parts of public opinion sympathized with the President. The recalcitrant Senators were scolded roundly. And the Senators themselves sought speedily to acquit themselves of sympathy with the dictatorships. One of them said that in the event of war he would favor not only a lifting of the arms embargo but also the supply by the United States—he did not specify on what terms—of aircraft and whatever other materials might be needed to Great Britain and France.

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AND then the balance was redressed still further. Two Bills had been pending in the Senate to apply a sweeping embargo upon all exports to Japan, ending the so-called American alliance with Japanese aggression. Either Bill would have required prior denunciation of our 1911 trade treaty with Japan. Senator Vandenberg, one of the Republicans who voted against action on the neutrality law, introduced a resolution to denounce this treaty and call together the signatories of the Nine-Power pact to consider concerted measures against Japan. President Roosevelt and the State Department, not willing to let a Republican get ahead of them, speedily and dramatically gave notice of termination of the 1911 treaty. They did not even let Downing Street know ahead of time.

This action should be taken as a far stronger warning notice to the dictatorships than would have been the repeal of the arms embargo. Japanese public opinion, according to the best observers, had been clinging to the hope that the United States might still be conciliated, and Japanese official policy had drawn a strict line of distinction between the American sheep and the British goat. The American

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action on the 1911 treaty should have ended this anomalous situation. Indeed, a few days thereafter the Tokyo crowds were demonstrating in front of the American Embassy just as they had previously paraded before the British Embassy.

The important fact is that our treaty denunciation was hailed with virtually unanimous approval in the United States. It was a purely executive act, taken without the slightest consultation of Congress, but it was entirely within the President's prerogative, and the Senate beamed approvingly. Republicans and anti-Roosevelt Democrats agreed that "this was just the sort of thing we ought to do!" In part this approval was a shamefaced reaction from the prior refusal to act on neutrality. It gave Senators a chance to approve the line of action which they had just blocked but in which they really believed. In part, too, it was an illustration of the greater freedom American public opinion gives to its Executive in regard to Asia than in regard to Europe. There is virtually no limit to fishing in troubled Oriental waters; in Europe—where other nations are in the front line—it is taboo. The situation is as illogical as many American political emotions. And, finally, approval of the treaty action followed an intensive campaign which churches, foreign affairs societies, and "peace groups" in general have been conducting for some time in support of an embargo on exports to Japan.

Therefore, inconceivable though it may seem, the United States has taken a first step toward blocking off commercial intercourse with Japan. The second step will normally be due in January, when the six-months period for terminating the treaty ends. At that time, if present sentiments hold, congressional and public opinion may support the imposition of self-denying ordinances keeping American cotton, oil, scrap-iron, and other war essentials from Japan. At the same time, American purchases of Japanese silk—essential to the Japanese economy—might similarly cease. The situation is portentous. What sort of retaliation would Japan adopt? Would the effects of a

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two-edged American embargo have a serious effect on Japan and prepare the way for an ultimate readjustment in Asia?

It was one of the unfortunate accidents of diplomacy that the combination of domestic circumstances which precipitated the denunciation of the 1911 treaty did not take place a week earlier, thus preceding and perhaps stiffening the Tientsin formula. But the fact simply is that President Roosevelt and Secretary Hull were far from being ready to act a week earlier, and the apparent weakening of the British attitude was an important reason for the stiffening of the American. It is definitely hoped that our action will take some of the pressure off Great Britain in China, at least in the long run, and thus be indirectly helpful in Europe. The news cables from London carried numerous dispatches recording British disappointment and irritation at not having been forewarned of our action, and a British diplomat in Tokyo was quoted as saying: "I wish to heaven it had come a week sooner". It is important to record that President Roosevelt and Secretary Hull were not trying to startle the British. They were trying to be helpful, and they acted quickly because they thought speed and surprise were of the essence of the matter.

If an American embargo on Japan is ultimately applied, its practical effects may be substantial, though not necessarily enough to end the war in China. With the European armament industries working at capacity for home consumption, Japan can get her supplies only from the United States. The better part of her efficient, high-power armament-producing equipment was obtained here, and she has ordered much machinery to supplement it. The precise machine-tool, steel-fabricating and auto-manufacturing specifications required to dovetail with her latest plants cannot be obtained elsewhere, and it is not feasible to scrap existing plant and rebuild on a British or German basis. Moreover, Japan has been obtaining virtually all of her essential scrap-iron from the United States—we are

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the only world source of supply—and most of her aviation petrol from here. Her own heavy industry can no more supply her heavy armament needs than her raw-material resources can provide substitutes enough for the scrap and oil that she buys almost entirely from the United States.

On the other side, American purchases of Japanese silk now provide over 60 per cent. of her dollar trade balances. The American Government could cut this off under the countervailing duty system. The result would greatly cripple Japan's purchasing power, but the blow might not be fatal if Japan at the same time augmented her resources by several hundreds of millions of dollars by acquiring deposits in the foreign settlements of Shanghai and Tientsin. However, Japan's gold stock is low, her dependence on foreign supplies is critical. Hence the American "sanctions" would be a blow of the first magnitude. At the same time, of course, American armament construction proceeds swiftly, and the fleet continues to be concentrated in the Pacific. The Senate has just ratified a new treaty with Panama, somewhat increasing protection of the canal, which is being further safeguarded by construction of another complete set of locks. In short, there are plenty of reasons for anxiety at Tokyo. Thus is the United States doing her bit, taking care of her assignment, in the informal and unofficial alliance of the democracies.

III. PARTY POLITICS AND THE PRESIDENT

SHOULD matters become worse in Europe, the same sort of policies would of course continue. Whatever President Roosevelt's domestic difficulties, he can count on rising at least a little way above them when he operates with sure touch in the foreign field. Already the long and murky shadows of American party politics are arising to confuse the outward aspects of foreign policy. But the rest of the world need not be dismayed. A great many strange sounds and sights will emanate from the United

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States in the next fourteen months, but they probably will not alter fundamentally the nation's foreign policies. In short, the party struggles that have so damaged President Roosevelt's domestic prestige need not necessarily block his foreign program.

He is certainly taking a hammering in domestic affairs. The late unlamented session of Congress was completely rebellious. The Republicans, augmented in last November's electoral victories until they amounted to about one-third of each House, have held to compact unity, and been joined by enough Democrats to make a working majority. The facts are simple enough. An American President, a dominant and aggressive political leader, approaches the end of his second term. There is something of a political reaction against his Administration, and a crucial contest has begun over his succession. The shadow of the third term has hung over this session of Congress. One issue alone has dominated, even when foreign affairs were concerned. It is pro-Roosevelt or anti-Roosevelt, now and in the future.

These terms mean many things to many people. To some, the dominant question is the President's own aggrandizement of the presidential office, with all it implies. Passionate opposition to Mr. Roosevelt personally has waxed high, just as it has against all strong American Executives who claimed to represent "the masses" against "the classes"—Woodrow Wilson, Theodore Roosevelt, Lincoln, Jackson, Jefferson. Vituperative abuse, unlimited hatred, of "that man in the White House" is nothing new in American history. You can even find the same phrases recurring from Jefferson's day to the present.

Although it is significant that such opposition has been directed against Presidents who took a populist stand, and vested economic interest has often furnished the fuel for the attack, it would not be accurate to brush aside such hostility as purely selfish or emotional. The case against Mr. Roosevelt, which has resulted in his present legislative defeats, rests on many grounds.

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First, the anti-third-term tradition is very strong, and it is particularly effective against an aggressive, heavy-willed, volatile Executive like Mr. Roosevelt. People are just simply tired of so much rushing about in their national government. The natural swing-back from a tireless, nervous, progressive Administration to a soothing, more conservative Administration is definitely under way.

Second, the Administration has failed to bring about recovery. Unemployment is still very high, the farm problem is as acute as ever, millions of people have become accustomed to regular governmental subsidies and will be hard to wean. The man in the street wonders whether the Administration's recipe is sound after all. Most of all, he is worried by the mounting federal debt.

Third, all sorts of political coincidences and mishaps, down the past six years, add up to more enemies for the Administration in Congress, more votes in the opposition. And the opposition is cleverly and covertly led by Vice-President Garner, a shrewd and silent plainsman best described as the "cactus Coolidge".

There are also, roughly, three great divisions in American public opinion. First are those who are against the New Deal and all its works, who want it stopped and do not care how far reaction and repeal go. Second are those who accept most of the New Deal's reforms, do not want it nullified, but want it to pause and calm down. Third are those who feel that our national problems are yet unsolved, that the New Deal has not gone far enough, and that it must press on into fields yet uncharted.

Any two of these three groups, certainly, would hold majority power in the United States. The real test turns on the ultimate destination of the middle group. At present, this decisive and preponderantly large fraction of national opinion leans away from Mr. Roosevelt. Joined with the out-and-out oppositionists, they have defeated much of his legislative program, and they could certainly

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prevent his re-nomination or re-election next year. Therefore a profound change in the present situation is required if the President is to secure the continuance of a zealous New Deal program after 1940. One way would be to eschew the third-term attempt and support a suitable heir-apparent. But no zealous New Dealer is in sight who could possibly be nominated or elected. The best the President could hope for would be a compromise candidate. And such an individual might turn out, just as President Taft did for Theodore Roosevelt, to be a reactionary who would nullify many progressive reforms. Another often-discussed possibility is the effect of a European war on the situation. For a long time it has been generally speculated that in the event of a war the country would demand President Roosevelt's experience in office. That conclusion can no longer safely be assumed.

However, Mr. Roosevelt is unshaken in his belief that "the people" are with him. Soon he is to cross the continent again, re-establishing his contact with the great voting masses. His task next year, however, will first be to secure a nomination from the Democratic wheel-horse politicians who make up the national convention. The convention, apparently, will be preceded by another session of Congressional rebuffs to the President. If, in some way, he evokes man-in-the-street support between now and then, the Democratic politicians might come scurrying back to his camp. But hardly otherwise. If they remain recalcitrant, the President will have to choose between a desperate losing battle, the acceptance of a more-or-less satisfactory compromise candidate, and a deliberate withdrawal into opposition on the likely assumption that the Republicans would defeat the rightward-swinging Democrats and that he could come back as a progressive-Democratic candidate in 1944. Mr. Roosevelt has maintained much philosophic poise during his later drubbings. He evidently assumes that he is right and Congress is wrong, that he can so demonstrate the facts

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to the people, and that every additional victory by Congress is so much more ammunition for him against the guilty knot of dissident Democrats. He will probably try to purge them from the party. But he faces a task of great magnitude; if he surmounts it his political laurels will turn fresh and green again, and they will be unequalled in American political history.

IV. THE ROYAL VISIT

NOW to a much pleasanter subject. The visit of the King and Queen is now two months old, but its effects remain as an important factor operating upon American public opinion toward the world problem today. Never has a ceremonial visit gone more satisfactorily, at least from the viewpoint of the visited. It must be recalled that, when the royal couple came, British policy and in a sense Great Britain itself were rather under a cloud in American eyes. The abdication crisis had never been accurately understood here, and Mr. Chamberlain's policies were the object of unrestrained criticism. The misunderstanding, of course, dated back at least to Sir John Simon's tenure of the Foreign Office in 1932. The composite picture was one in which the British "ruling classes" came off very poorly indeed.

The King and Queen almost completely reversed this picture. They typified something above passing Cabinets, they typified the real British nations—all of them. First of all, Americans saw that they should amend their judgment about the abdication crisis. Viewing the queenliness of the Queen, they realized what unspoken motives had been involved in the British decision in 1937. The Queen's triumph, therefore, wiped out a very important source of misunderstanding.

It is a bit more difficult to explain how the royal visit made British policy in recent crises more comprehensible and attractive. The fact is simply this: the King and

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Queen were so very human and gracious and thoughtful, so altogether faithful and appealing in their impersonation of the British nation, that people said: "The good old British! They're not down yet. Yes, sir, they've got a lot of good qualities. You can depend on them. They're still pretty solid".

Similarly, the peculiar kinship between the United States and Great Britain was symbolized and recognized during the visit. Few Americans were blind to the significance of King George's wreath laid on George Washington's tomb, and few failed to comment upon it. Nothing was overdone about the trip. The itinerary was appropriately short, although it was fearfully intensive for the guests, and the absence of all outward propaganda efforts was entirely correct. All the same, Great Britain got more propaganda, more favorable publicity, spread over the United States than she has had since 1918. The importance of this simple factor is not to be overlooked. In sum, the royal visit may be said to have rehabilitated British character in American eyes. And that is no small achievement.

With Congress adjourning, with President Roosevelt going off on a high-seas holiday, the nation is nevertheless ready for the next international crisis. Eyes are turned on Europe and on Asia. Clear and forthright policies on the part of Great Britain and France will be the surest way of obtaining American co-operation. Temporizing in further compromise would profoundly deject and disillusion the United States. The dictators will in part determine by their actions how strongly and unitedly the American people support a positive peace policy. But a far larger part of the determination rests with the democracies. Faced by clear issues, inspired by bold and brave policies in London and Paris, the American people are likely to go far in the defense of what they are beginning to realize is their civilization too.

SOME PROBLEMS OF AUSTRALIAN DEFENCE

I. THE OBJECTIVES

THE objectives of Australia's programme of national preparedness are based, of course, on the universal character of modern warfare. They are also based on two special risks new to Australian policy—that the country in a future war will have to defend her own territory and population against direct attack, and that for a greater or less period her sea communications may be cut. To prepare for such a situation calls for organisation and planning upon a scale hitherto unknown, cutting deeply across the ingrained social habit of the nation. The willingness of a people to accept such a sacrifice will depend largely on the keenness of its sense of the dangers that threaten it. In Australia opinion has fluctuated markedly, in accordance with apparent changes in the international situation. Each fresh crisis abroad produces heightened apprehension, and a feeling of irritation and impatience at the slow processes of Governments that have to act by consent.

The Government has analysed into four phases the general programme of national preparedness :

(i) the organisation of man-power and of women's voluntary efforts; (ii) the regulation and control of primary production in an emergency; (iii) industrial mobilisation of secondary industries in an emergency; (iv) Commonwealth and state co-operation in peace and war.

To these objectives should be added the increased self-sufficiency of Australia in respect of munitions and war equipment. The importance of this objective was

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emphasised at the Imperial Conference in 1937. It was there laid down that resources for the manufacture of munitions should be developed in different parts of the Empire, with a view to reducing the existing dependence of all parts of the Commonwealth on the munitions produced in the United Kingdom, and to avoiding the over-concentration of resources in areas especially liable to attack. In particular, the provision for the manufacture of aircraft in Australia is a direct outcome of the discussions at the last Imperial Conference. The Minister for Defence has stated that as much as 82 per cent. of the cost of the present defence programme, which is estimated at £32 million in 1939-40, will be incurred within the Commonwealth.

II. A MINISTRY OF SUPPLY

THE burden of organising the nation's effort along all these lines at once has proved in Australia, as in the United Kingdom, too great for the existing departmental structure—in Australia a single Department of Defence, controlling all the fighting services. A remedy has been sought in the establishment of a new Department of Supply and Development, which has been placed under the control of an experienced and energetic Minister. The new department assumes responsibility for the provision or supply of munitions (broadly defined); the manufacture or assembly of aircraft by the Commonwealth or by any of its instrumentalities; arrangements for the establishment or extension of industries for purposes of defence; and the acquisition, maintenance and disposal of stocks of goods in connection with defence. It is also charged with responsibility for the arrangement or co-ordination of surveys of Australian industrial capacity, and the preparation of plans to ensure the effective operation of Australian industry in time of war. Such plans may provide for the decentralisation of secondary industries, and particularly those relating to defence. Finally, the department is to be responsible for

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the investigation and development of Australian sources of supply of goods which in the opinion of the Government are necessary for the economic security of the Commonwealth in time of war: in particular, for the investigation and development of additional fuel resources.

The Act establishing the department also imposes an obligation on all persons to disclose, if the Government thinks it desirable in the interests of defence, any information required in relation to industrial, commercial or other undertakings, or with respect to any goods. The Opposition repeatedly expressed the fear that in time of emergency the Government might by regulation introduce "industrial conscription". The Government, as repeatedly, disclaimed any such intention, though failing to make plain the extent of the powers of industrial control that it contemplated. It did, however, accept a Labour amendment forbidding the making of any regulation that might deprive trade unionists of their industrial rights under Commonwealth or state law or under an agreement with employers, or that might restrict the freedom of any employee to change his employment. The Government was not prepared to bring within this amendment its own employees, contending that their conditions of work would be determined as hitherto by the Public Service Arbitrator, and that no specific provision for their protection was necessary.

For the supply of munitions, the Government is relying on a combination of government factories and private enterprise, and aims rather at organising factories that can be brought into full production when required than at the accumulation of huge stocks in advance. Existing government munition factories will be brought to their maximum output, but additional government factories will be established only for making essential types of munitions that are not obtainable from commercial industry as at present organised. In these additional factories the whole procedure and technique of manufacture are to be recorded,

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with a view to making specifications available to industry in an emergency. The Government has also made arrangements for equipping extensions to state or private establishments, enabling skilled craftsmen to receive a training that would fit them to undertake the production of special types of munitions in an emergency. Some twenty of these "industrial annexes" are in course of establishment; five in connection with state railway workshops and the rest in connection with selected private enterprises. The plant in the annexes will remain the property of the government, and its use will be subject to close government control. The idea is to allot a trial order to each annexe upon its completion, in order to test the equipment and personnel, and thereafter to close the annexe unless and until it is required in an emergency.

The manufacture of fighting aircraft is to be one of the special concerns of the new department. The Government proposes to use existing industrial resources as fully as possible in the manufacture of parts (most of which, however, except chassis, will for the present have to be imported) and to confine its own activity to the establishment of assembly centres at Sydney and Melbourne. Airframe manufacture will be undertaken for the department mainly by the railway workshops in the states. A General Manager of Aircraft Construction has been appointed, to superintend the whole aircraft enterprise; the Government secured the services of Mr. H. W. Clapp, the chairman of the Victorian Railways Commissioners, a man of strong personality, great energy and wide experience in the handling of large organisations.

A Principal Supply Officers' committee is charged with the function of ascertaining the requirements of the services in wartime, of examining them in relation to the stocks and resources of the country, and of preparing plans for mobilising the resources of industry in the event of war. Associated with this committee, particularly in relation to the wider objectives, is an advisory panel on industrial

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organisation, composed of leading industrialists. An economic and financial committee is engaged on a review of the strength and weakness of the national economy for war. A standing committee on liquid fuels is examining the whole question of storage and is also to examine alternative sources of supply. The Council for Scientific and Industrial Research is examining on a more general basis the problem of alternative sources of supply of raw materials. There may also be mentioned a primary products committee, hitherto associated with the Department of Commerce.

The Minister of Defence has stated that for the supply of arms and ammunition, in complete form, government factories are substantially the only agencies. But for the raw materials and for many of the preparatory stages of manufacture, as well as for the many elements, beyond arms and ammunition, that go to make up munitions in the wide sense, the Government is dependent mainly on private enterprise. This raises the perennial problem of controlling the profits of munitions industries. Suspicion of the Government's sincerity and efficiency in exercising such control was the main feature of the Opposition's attack on the Supply and Development Bill. Even on the Government side of the House, amendments were moved to fix a specific percentage of profit. These amendments were defeated, but the Government accepted an amendment removing any possible doubt that the ascertainment of costs and the control and limitation of profits in relation to the output of munitions are a mandatory and primary function of the new department. The Opposition was unable to suggest any specific and certain method for limiting profits, short of the nationalisation from start to finish of all production connected with munitions.

The Government has appointed an advisory panel of accountants, to advise generally on costing and profit control for the production of munitions by private industry. The present system is to let all contracts by open tender,

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under the scrutiny of a Defence Contracts Board. Work done in the munitions annexes, however, will be paid for on a "cost plus" basis, the manufacturer being allowed a profit of four per cent. upon a cost from which, in view of the special conditions prevailing in the annexes, certain elements of "overhead" are excluded.

III. MAN-POWER AND CONSCRIPTION

THE next phase of the national organisation to be considered is "the organisation of man-power and of women's voluntary efforts". A voluntary register of the war-time services for which women are trained, or are now being trained, is already being compiled. A number of other special voluntary registers have also been opened, through various professional organisations, including those of doctors, dentists, physicists and chemists. The Government also proposed to compile a general register of men, likewise on a voluntary basis. Some months ago, however, it was decided that in order to obtain a complete record the general register should be made compulsory, and a National Registration Act has now been passed for the purpose, against bitter opposition by the Labour party. The Government's proposals rested generally upon the desirability of ascertaining the resources in technically trained personnel available in the event of war. More specifically, they rested upon the existing provisions in the Defence Act that impose on all males between the ages of 18 and 60 a liability to be called up for military service in Australia in time of war. The Minister for Defence (Mr. Street) said :

All this Bill sets out to do is to ensure that, if the time should ever unhappily arrive, the law of the land shall operate intelligently. . . . Should the defence forces ever be required to mobilise, they will require to increase greatly their peace numbers in all classes, and particularly in regard to men employed in many skilled occupations. At the same time, skilled men are necessary for the production of equipment and the output of

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munitions. Further, it is obvious that key men in industry must not be allowed to vacate their positions to enlist in the defence forces; that would throw industry in general into difficulties, and affect the provision of supplies to the forces and the general life of the community. . . . A list of reserved occupations is being compiled and will be published for information. Men trained in these particular occupations are limited in number and there would naturally be great demand for them in time of war. Individuals whose names and occupations appear on this list would be precluded from serving with the forces in an emergency.

The Labour party declared itself last year in favour of a survey of man-power resources, and when the Government announced its intention to compile a voluntary register the Leader of the Opposition (Mr. Curtin) claimed that the suggestion had in fact come from him. The language he used did not appear to imply that his support depended on the voluntary nature of the register as then proposed. However that may be, trade-union opposition to the later decision to take a compulsory register has been vigorously expressed, and the Opposition denounced the National Registration Bill as merely the prelude to the re-introduction of conscription.

Labour itself originally introduced a system of compulsory military training in time of peace, and imposed liability for compulsory military service in time of war, though only for home defence. But the conscription issue that divided and broke the Labour party in 1916 was a proposal to conscript men for service overseas, and by way of reaction Labour swung away even from conscription in the form of training for home defence. The first Labour Government since the war suspended compulsory military training in 1930. In Tasmania, indeed, under the vigorous and independent leadership of the Premier, Mr. A. G. Ogilvie, the Labour party reverted recently to the original Labour position, and declared itself in favour of universal and compulsory military training, as the only truly democratic method of preparation for national defence. Mr. Ogilvie's untimely death in June has deprived

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Australian public life of a leader with great force of character, and it is yet too early to know whether the Labour party in Tasmania will maintain under his successor its present unorthodox position.

For in spite of the developments of the last few years the Labour movement generally, both industrial and political, still clings to the voluntary principle in defence. The reasons are complex. Labour has never really recovered from the conscription split of 1916; many of its present leaders suffered personally for their attitude during the war of 1914-18 and are dominated by the fear that if conscription is admitted in any form it will somehow or other, and sooner or later, lead to the conscription of Australians for war service overseas. Doctrinaire radicalism is not common in Australian politics. But these personal memories are supported by distrust of the policies of capitalist Governments; by suspicion that the present emergency is the creation of propagandist agencies; by fear that Australia may be embroiled in warfare overseas in which she has only an indirect concern. It should be added, however, that the rank and file of Labour has not yet made its voice heard on this issue.

The position of the Government itself is by no means clear. Before the last election, the late Prime Minister joined with the leaders of the Country party and the Labour party in giving an assurance that conscription (meaning apparently compulsory military training in time of peace) would not be introduced in the Parliament about to be elected. Since then, there has been some agitation for the re-establishment of compulsory military training. The present Prime Minister has given a pledge against conscription for oversea service in time of war, but is understood to favour, in company with at least some members of his Cabinet, the reintroduction of compulsory military training in time of peace, a measure that can be carried through by executive action. It seems clear that for the present the Government has on hand at least as

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much as it can manage in giving a thorough training to the 77,000 militiamen already recruited on a voluntary basis. No assurance was forthcoming during the debate on the National Registration Bill that the compulsory training provisions of the Defence Act would not be put into operation without an appeal to the people.

Another Labour objection to the national register was based on the fact that no census of property was proposed. The Government's answer was that such a census had in fact been taken in 1915, but no use was ever made of the returns; that the Government was determined to exact a proper contribution from property towards national defence, but believed that the usual methods of taxation were the only sound methods of doing so; that the only real use of a census of property would be in aid of a capital levy, which was objectionable on many grounds. Under pressure from some of its own supporters, the Government did indeed yield on this point, and made provision for a census of property in addition to the census of man-power. The concession, however, did not bring much conviction that the Government intended to make any use of the information: it was too obviously based on political grounds. The Opposition, while supporting the amendment, expressed disbelief in the Government's sincerity in accepting it, and stated that it would not suffice to win Labour support for the register of man-power. Later phases of the conflict between the Government and Labour on this matter will fall to be recorded in another issue of **THE ROUND TABLE**.

IV. AUSTRALIA'S DEFENCE HORIZON

THERE remains to be considered "Commonwealth and state co-operation in peace and war". The public is not very fully informed of plans under this head. It is understood, however, that some functions in relation to civilian defence in war-time have been assigned to the

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states, as for example to organise air-raid precautions in the coastal cities and to prepare for the maintenance of public utilities under war conditions. It had been hoped also to co-ordinate state public works expenditure, which plays an important part in the relief of unemployment, with the defence requirements of the Commonwealth, but it has not been practicable to make very much progress in this direction.

As for the main strategic problem that the defence preparations of Australia are designed to meet, the Minister for Defence told the House recently that the Commonwealth Government had the strongest assurances from Great Britain that in an emergency she would station at Singapore a fleet of sufficient strength to safeguard imperial interests in the eastern hemisphere. This reassuring statement should not, however, be taken as indicating that present Australian defence plans contemplate military action only along the Australian coast. There are occasional hints that the Pacific islands to the north of Australia are assuming a greater importance as a sphere of potential Australian action. At the very end of the parliamentary session, steps were taken to extend the Defence Acts specifically to the Australian territory of Papua and (with the exception of the compulsory military training provisions) also to the mandated territory of New Guinea. It is understood that the recent staff conference on defence in New Zealand between British, New Zealand and Australian representatives was concerned with the defence of the Western Pacific as a whole. The Australian public has by no means been specifically warned that it should begin to think of the Western Pacific islands as part of its own special defence responsibility, but there are certainly hints in that direction.

PROSPECTS OF INDIAN FEDERATION

I. THE PRINCES' ATTITUDE

THE early realisation of federation in India has been temporarily hindered. At a meeting in Bombay in June the Princes passed a resolution indicating that the terms on which they had been invited to accede to federation were "fundamentally unsatisfactory". This discouraging development, at so late a stage in the negotiations, came as a surprise to many, although it had long been known that several important Rulers were dissatisfied with the proposals for their accession. The actual offers, which have not been made public, were submitted to individual Princes six months ago, and it was generally assumed that they were circumscribed only by those conditions which the British authorities regarded as essential if federation is to be real and effective. The unwillingness of the Princes to accept the offered terms suggests that there are important issues upon which they still seek assurances, although it does not imply that the scheme of federation, outlined in the Act of 1935, should be abandoned or even substantially altered.

The Princes have apprehensions in three directions. They fear for their treaty rights in the future; they are suspicious about the administration of federal laws within their states; and several important states wish to retain control of land customs. The Princes lay emphasis upon the maintenance of treaty rights, contending that a federal legislature may encroach upon them. Under the Act the Governor-General is authorised to protect treaty rights, but the Princes regard this form of protection

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as inadequate and seek a more juridical method. They believe that to leave their protection in the hands of the Governor-General may lead to difficulties in the future, a view supported by the assertion that the special responsibilities of the Governor-General and the Governors of provinces have hitherto not proved effective safeguards. This attitude owes its origin to the recent political agitation in the states, some Princes claiming that the British authorities should have intervened to prevent British Indian subjects from entering the states in order to conduct campaigns in favour of administrative and constitutional reforms. In view of their lack of faith in the Governor-General's power to protect their treaty rights, the Princes ask that these should be scheduled in their Instruments of Accession; then, in the event of any encroachment on their jurisdiction by the federal authority, they could have the constitutional position interpreted by the Federal Court, an institution that has already inspired great confidence in Indian minds. The Princes believe that the Federal Court will be devoid of political bias and will be less affected than the Governor-General is likely to be by a federal Government deriving its sanction largely from elements ill-disposed towards the states. Some Rulers indicate that the settlement of this issue along the lines desired is a pre-requisite condition of their accession.

Regarding the administration of federal laws in the states, the Princes are nervous lest this will result in flooding the states with a host of federal officers, over whom they would have no control. Several states feel that their governments are perfectly capable of administering the subjects on the federal legislative list under some central supervision. They claim that the offer made to them nullifies the provisions of the Government of India Act entitling them to limit the executive authority in respect of those governmental purposes for which they accept federation. Their fears in this matter appear to be exaggerated, being based on failure to understand the

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inevitable consequences of federation. The number of federal officers who will operate in the states will be extremely limited; there will be very few federal subjects which the states themselves will not be allowed to administer, and there is small likelihood that the authority of the Princes will be weakened or destroyed. Under the new constitution the federal authority will have jurisdiction over the states in respect only of those subjects which the Princes surrender to federation; encroachment into other fields is prevented by safeguards, which the Princes, however, believe will be ineffective. Here they face a problem similar to that which the Congress party faced when invited to assume office under provincial autonomy. The belief was then expressed that the Governors would intervene in cases where they had no right to do so. The fear then felt has not been justified by events, though the Princes are of the opinion that intervention should have taken place over certain issues directly affecting their states.

The Princes also ask that no restrictions should be placed on their power to develop their own land customs. They maintain that this will not affect federal revenues, as there are natural limits beyond which the states cannot expand their customs revenues. This is disputed. But in respect of land customs, as of federal rights in the states, it is believed that adjustments may still be made "within the four corners of the Act". As to the main grievance about treaty rights, there is some ground for believing that objections may be met by assuring the Princes that encroachments on those rights which are not surrendered to the federation are not legally permissible.

The objections raised by the Princes reflect an attitude of distrust towards those political elements in British India with which they are expected to federate. Their suspicions towards British India are largely traceable to recent events in many of the states, where outside agitators have conducted campaigns for constitutional and administrative reform. The Princes feel that they have not

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obtained from the Paramount Power that degree of protection from outside interference to which they consider themselves entitled under their treaty rights, and they believe that the chances of securing better protection under federation are small indeed. At the same time many of the Princes appear to misunderstand the purposes and intentions of the Act. Some of them are wholly unwilling to surrender to the federation any of the powers and privileges at present vesting in themselves. Their anxieties are understandable, as the politicians of British India have made it clear that they expect the Princes to readjust their policies and administration to the new conditions prevailing in the country. Believing that such a readjustment may go farther than they themselves intend, the Princes are endeavouring to unify their own policies, particularly on the question of their accession. The Bombay meeting marked a definite attempt to secure this result, but the unity achieved was largely artificial, as it was imposed upon the whole by sectional elements with particular grievances. Many of the Princes are believed to be satisfied with the terms which have been offered, and some of their advisers have indicated that the terms are not likely to be improved in the future. The British authorities do not regard the "omnibus" resolution passed at Bombay as an answer to the individual offers that were presented to the states. The individual replies of the Princes are awaited. These will be analysed, and a White Paper issued outlining the offers and the replies received.

II. DIVERSITY OF OPPOSITION

THE Princes' resolution rejecting the Instruments of Accession has raised the cry in India that the whole federal project should be abandoned, in view of the opposition to it that has everywhere been recorded. It is claimed that the Princes, the Congress, and the Moslems are all opposed to federation, although, as some people

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are ready to admit, the different groups oppose it for contradictory reasons. This opposition would apply to whatever form of federation might be devised to replace the scheme in the Act. Indeed, the reasons which find the Princes, the Congress, and the Moslems opposing the scheme would probably be enlarged rather than lessened by proposals for any other form of federation, as they now neutralise each other. The Princes hesitate to accede through unwillingness to surrender sovereignty to a central government in which elements hostile to them will have a determining voice; the Congress party objects to federation because popular control is likely to be circumscribed by the conservatism of the Princes, by the weightage given to other special interests, and by the over-riding powers of the Governor-General; the Moslems oppose the scheme because they claim that it means their political subjection to Hinduism. In some respects the Moslem opposition is the most serious. Though expressing the legitimate fears of a minority, it is largely based on communalism and it strikes at the very roots of that unity which federation was designed to achieve.

Despite the divided views about the federal scheme, there is still virtual unanimity in India that federation is the ultimate solution. The various groups contend only that it should take a different form from that envisaged in the Act. In British India, many nationalists urge the establishment of a federation based on the findings of a constituent assembly; but this presupposes agreement between the Princes, the Congress, and the Moslems which does not at present exist and shows no signs of emerging in the near future. Other nationalists demand the immediate formation of a federation of British India, with a view to securing the accession of the Princes in the future; this is not likely to be acceptable to the British authorities, as Parliament agreed to the principle of central responsibility mainly because the Princes would be a party to it.

IS FEDERATION POSSIBLE ?

The Moslems seek a different kind of federation. They wish to link all the Moslem areas into a confederation and associate them with some form of central government in a way that has never been clearly explained. The Princes, while willing to associate themselves with British India, desire to do so on terms that British India is certain to reject. For while most political commentators in British India have welcomed the decision at Bombay, as further evidence of opposition to federation, they also make it clear that the Princes should not be offered more generous terms. The general opinion in British India is that the Princes have probably been offered too much. In effect, the pressure in favour of federation is certain to continue, but it will be accompanied by additional pressure to prevent the Princes from having better terms. There is thus no genuine reason why the present scheme should be abandoned, as it still represents the best common basis for agreement, even if it does not completely meet the views of any of the different groups.

III. IS FEDERATION POSSIBLE ?

THE question whether the federating units can possibly coalesce has been widely canvassed. Some constitutional experts maintain that it is impossible to blend autocracies, which the states mostly are, with the democracies which British Indian provinces are rapidly becoming. Moreover, in British India objection is taken to the method by which the states are to be associated with federation. It is asserted that a federation based on the accession of state units will fail, if it means affiliation of their rulers rather than their peoples. It is held that the federation should derive its authority from the people who compose the federating units. The Congress campaign in the states was designed to achieve this. Political commentators in British India declare that the states will achieve an unfair position in the federation, because of

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their varying interests and the different stages of political development to be found among them, quite apart from the weightage which they will have numerically in the central legislature.

The argument that the federating units are unblendable was considered, however, when the Act was prepared, and it was then clearly stated that the differences between the states and the provinces justified the creation of a federation different from all other federations. The association of the Indian states with British India was regarded as feasible, because it was generally understood that the states would become more democratic as time went on. That view was accepted by the wiser of the Princes, who realised that federation implied a modification of their autocracy. The states have only lately been affected by the surge of democratic ambition that has swept across British India since the war; they are not likely to remain unaffected by democratic developments in the future, even if they decide to stay outside federation. Indeed, some nationalist newspapers have plainly stated that the Princes cannot expect to maintain their autocratic isolation for ever, and have bluntly said that by staying out of federation they would possess no guarantee that democracy would by-pass their states. On the contrary, most political opinion takes the view that federation is inevitable, a view based on the assumption that the Princes, so far as states' conditions permit, will bring their constitutions and administrations into some form of harmony with those prevailing in British Indian provinces.

The joint rejection of the offer to the states does not close the door on federation. The Princes, indeed, clearly hinted in their resolution that it did not. But an important stage in the negotiations will be reached when the individual replies have been received from the Princes. In view of the Bombay resolution, these replies are almost certain to have a common basis, which will imply that the Instruments of Accession are unacceptable in their present form.

CONGRESS AT THE CROSSROADS

This will raise difficulties for the British authorities, who obviously framed the Instruments of Accession in the terms necessary to make federation the effective institution that Parliament intended it to be. The objections of the Princes, therefore, touch upon fundamental issues of policy, not merely matters of method, as some people contend. The replies will disclose to what extent the Princes are in fact prepared to make surrenders of their sovereignty to a federation in which they will be important partners. In some directions the Princes' grievances may be met; their objections will certainly have a fair hearing, and where their position is susceptible of adjustment within the framework of the Act no doubt adjustment will be made. But it is clear that some of the larger states are making demands that cannot be reconciled with the idea of federation intended by the Act, and would prevent the Indian project from developing in conformity with other federations.

IV. CONGRESS AT THE CROSSROADS

THE importance of the federation issue has not wholly obscured the fact that the Congress party is facing internal dissensions. Repercussions are still felt in nationalist circles from the curious episode when Mr. Subas Chandra Bose was elected president and then forced to resign office. The election of Mr. Rajendra Prasad, a much-respected Congress leader from Bihar, clearly implied that the Right wing would retain control of the party. But his election did nothing to remove the discontent within the organisation, particularly among Left-wing elements, directed against the dictatorial policy of the "high command", which is largely under the direction of Mr. Vallabhbhai Patel, the Gujarati demagogue. As Mr. Bose resigned office he announced his intention of creating a "Forward Bloc", and communists, socialists and others inclining to the Left appear to be giving the

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new group some support. Although adherents to the Forward Bloc are not yet sufficiently strong to deflect existing Congress policy, their increasing strength constitutes a threat to the organisation's unity which its present leaders cannot ignore. This being so, Right-wing elements are somewhat nonplussed by the attitude lately adopted by Mr. Gandhi, the outstanding exponent of orthodox Congress opinion, who has subjected the party and its policy to a characteristic analysis. His altruistic survey of the party's composition and policy has confounded those who constantly seek unity, and has displayed his own dissatisfaction with Congress methods in several directions. He has recommended the abandonment of *satyagraha* (passive resistance) in the states, after having been a prime mover in the campaign for states' reforms; he has urged drastic purges within the Congress, on the ground that corruption is rife; he has clearly intimated that non-violent mass action is impossible in the country at the present time, because the atmosphere is surcharged with violence. He has hinted that if violence breaks out Congress men as well as the Princes and the Paramount Power will be responsible. He has recognised, as few Congress leaders do, that Hindu-Moslem disunity exists in a dangerous form.

Mr. Gandhi's indictment of Congress is tinged with a degree of self-analysis that reflects the unexpected and even contradictory qualities of his leadership. In a dispute between the Thakore Saheb of Rajkot and Congress leaders who sought reforms in that state, Mr. Gandhi's intervention secured a submission of the dispute to Sir Maurice Gwyer, Chief Justice of India, who decided in favour of the Congress. Under the judgment the Thakore Saheb was obliged to accept the recommendation of the Congress leaders to appoint seven members of a committee of ten, constituted to draft a scheme of reforms for the state. In endeavouring to implement this judgment in Rajkot, Mr. Gandhi found himself in conflict with representatives

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of certain local communities, was unable to resolve the issue, and finally abandoned his effort to do so. He thereupon renounced the advantages that he had received under the Gwyer award, on the ground that the fast which he had undertaken in order to persuade the Thakore Saheb to meet his obligations had savoured of coercion, and had forced the Paramount Power to intervene. Mr. Gandhi therefore contented himself by appealing to the Thakore Saheb to meet the demands of his subjects. In so doing he sadly disappointed many of his followers, who believed that, in securing the Gwyer award, he had won a victory over both the state and the Paramount Power. With characteristic candour Mr. Gandhi confessed that his methods in seeking a solution in Rajkot had been wrong, apologised to the Viceroy for the unnecessary strain that he had placed upon him, and expressed his regret that he had given the Chief Justice so much labour in settling the legal issue. He implicitly admitted that the methods he had employed were inconsistent with his ethical theories.

The "confession and repentance" of Mr. Gandhi added to the difficulties within the Congress party, and the growth of fissiparous tendencies has lowered its prestige and weakened its counsels. The Right-wing and Left-wing elements are in open conflict on fundamental issues, but the Left minority appears to be anxious to remain within the main organisation. The minority is finding a certain degree of unity under Mr. Bose, although he has failed to win the support of Pandit Jawaharlal Nehru, who remains a somewhat isolated figure in current politics. His affection for Mr. Gandhi keeps him in allegiance to the Mahatma's policies, although his own political sympathies are of a more radical turn. But the extremists under Mr. Bose are biding their time, hopeful that Indian developments and British difficulties elsewhere may offer them an opportunity to seize the machine and run the party on other lines. As the extremists grow stronger and more vocal, the moderates are becoming more conservative;

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thus the cleavage between the two wings is increasing. There are some who think that Mr. Gandhi has made a mistake in alienating the good will of Mr. Bose, although they recognise that the time is bound to come when the ultimate nature of Congress leadership and objectives must be determined. Mr. Gandhi obviously intends keeping the Congress on its existing basis, leaving the Left-wing elements to collaborate where they can, or form a separate organisation if they wish.

Mr. Gandhi is manifestly groping his way towards a "new technique". He has lately devoted much thought to the theory of passive resistance, and has come to the conclusion that the non-violence claimed for the nationalist movement since 1920 has not been unadulterated. He observes that the campaign for reforms in the states has produced "violent reactions" on the Princes, who are filled with distrust of the Congress. He has stiffened his demands on those practising non-violence and has, indeed, placed his political philosophy on a level almost out of the reach of the majority of his followers. He admits that in so doing he may reduce the numbers of those who can practise his theories to an insignificant figure. That he does not mind. He is apparently satisfied that the Congress has ceased to be an effective vehicle for a successful nation-wide campaign of *satyagraha*. He even asserts that the majority within the party has no living faith in its programme. He suggests that *satyagraha* is inconceivable without an honourable peace between the rival communities. Provincial autonomy, he says, has brought about new tendencies and new conditions in the country, and nothing like justice has been done to the tasks that have fallen to Congress men under the new dispensation. While admitting that, in the main, the Governors have shown no inclination to interfere with the policies of Congress Ministries, he contends that the same is not true of Congress men themselves. The demands and opposition of Congress adherents have absorbed much of the energy

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of Ministers, who have been allowed to function without the active co-operation of their nominal supporters.

These damaging admissions are held to prove, not that active *satyagraha* has failed, but that it needs overhauling. Mr. Gandhi has endeavoured to show how his "new technique" may be applied to the movement for reforms in the states, particularly Travancore. He has urged the indefinite suspension of civil disobedience, has asked the states' people to open a way to honourable negotiations with the Rulers, and has advised that the pitch of the people's demands should be lowered, in order to quicken the progress to the final goal. He has pointed out that a condition precedent to any campaign of civil disobedience in a state is the fulfilment, by the general mass, of the party's constructive programme, as a test of coming under the discipline of the State Congress. While some regard this new attitude as a mere renunciation of former methods, others feel that Mr. Gandhi, with his customary prescience, is reaching towards a new political policy to meet the changed conditions in the country. In their view, Mr. Gandhi recognises that recent political and constitutional changes have been too heady for many of his followers; he knows that Lord Linlithgow, the Viceroy, is resolutely concerning himself in seeing that further changes, particularly in the states, should come about by rational and constitutional processes; and Mr. Gandhi acknowledges that the transfer of power under provincial autonomy has been real and far-reaching, hinting at further transfers in the central sphere at no distant date. These observers maintain that Mr. Gandhi's new methods are intended to put a brake on extremism, on the ground that a further drift towards the Left would only weaken the Congress and add to its difficulties in attaining fuller self-government for all India.

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V. DANGERS FROM THE LEFT

MR. GANDHI'S efforts are being counteracted to some extent by the activities of Mr. Bose. The spirited but unsuccessful fight which the Bengali leader put up against the dictatorship of a Congress coterie has evoked much sympathy for his courage, although orthodox Congress men have tended to cold-shoulder him. The extremist press, while anxious to give Mr. Bose a chance to re-orientate the policy of the party, are unwilling at this stage to support him fully. Not all the extreme elements within the party are ready to follow his lead, and he has added to the internal difficulties of Congress by seeking supporters outside it, even among its bitterest critics. He has had interviews with Mr. M. A. Jinnah, the president of the Moslem League, and Dr. B. R. Ambedkar, head of the Independent Labour party in Bombay, but better known as the leader of the untouchables, that remarkable minority of about eighty million souls on the outer fringes of Hinduism. His efforts to enlist those hostile to Congress in his Forward Bloc have encouraged some observers in thinking that he seeks a wider basis for his activities than he is likely to find within the Congress for some time. He has flatly revolted against some of the decisions of the upper hierarchy of the Congress, partly because he opposes the efforts of a coterie to enforce discipline, but largely because he is anxious to keep alive a mood of unrest among the masses, as a prelude to a campaign for a general upheaval against the British authorities.

In this he is clearly in opposition to Mr. Gandhi, who has definitely implied that mass action at this time is impossible and is likely to end in violence. Mr. Bose claims that the international situation offers opportunities for a final struggle between the Congress and the British authorities, opportunities which the Congress is unwilling to seize. The majority of Congress men, however, appear to be unready to accept his leadership, because of

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his quarrel with the higher command. As the *Times of India* recently remarked, "Whatever sympathy there may be for Mr. Bose in his quarrel with the present Congress leaders is dissipated by the fact that he and his *bloc* stand for further internal strife and social upheaval in the country at a time when peace and unity are essential." This reflects the view of most political elements in the country, including even those Congress men who find it difficult to follow Mr. Gandhi's new political and ethical theories. There is general unwillingness to abandon Mr. Gandhi's unofficial leadership of the party, based on faith in his capacity ultimately to lead India to her political goal. Recent incidents, in which Mr. Bose has flouted the party's new rules of discipline, suggest that he nevertheless intends continuing his efforts to consolidate the Left, with a view to leading the party along lines that it is still unwilling to follow.

His recalcitrance has provoked a demand for disciplinary action against him, and even Pandit Nehru has indicated that those who are unwilling to abide by the decisions of the party executive should make room for others. The *Hindu* of Madras contends that a body like the Congress, engaged in a national struggle, cannot take any chances with tactics which are disruptive of its organisation. It is clear that Mr. Bose did not lightly embark on his rebellious policy, as he refused to listen to direct appeals from Mr. Prasad that he should abandon his proposal to demonstrate against decisions of the executive. The demonstrations were carried out in various parts of the country, meeting with varying degrees of success. They had the effect of showing that a section of the party, having failed to secure control of the party machine by constitutional processes, is now in open revolt against its leaders.

India,

July 1939.

WORLD TRADE AND THE FUTURE

By a Special Correspondent

I. POST-WAR DISTURBANCES

THE war of 1914-18 shattered completely and forever the delicate balance of international economic exchanges on which the prosperity of the Victorian era had been based. It led to a vast destruction of capital, but to an even greater transference of wealth. America and Asia gained wealth at the expense of Europe; and not only financial wealth, but productive capacity and experience also. Europe was left laden with debts and light of assets. The deliberations of the peacemakers were too long protracted, and the final results were not sufficiently realistic. The refusal of the United States to cancel the war loans due to her by the Allied Powers riveted the burdens upon them, and they in turn placed a new burden of debt in the form of reparations on the defeated countries, already bankrupt. The New York bankers sought to bridge the gap by making further loans available to Europe, and while the loans were being made they induced a fictitious prosperity. But, in the absence of any means whereby the debtors could pay off debts through an expansion of exports, it was only a matter of time before this precarious balance broke down; and with the collapse of the United States stock-exchange boom in 1929 the whole house of cards fell to the ground.

New political and social strains arose, and often the victims of trade depression were saved from bolshevism only by fascist creeds, operating the same methods. A

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world that was not safe for trade was not safe for democracy. The planned economies invented to meet the new conditions represented an effort, and a brave effort, to rebuild social security on a narrower national basis. They sacrificed the standard of life which the old economic order sought but had failed to give to large sections of mankind, and they replaced it with an organisation of national production on a level definitely lower but on the other hand less dependent on external factors.

Meanwhile, the great democracies, especially Great Britain and France, whose social and financial structure had been less impaired by the war, continued rebuilding their old economic life, and for some years their efforts appeared to be successful. But their economic policies took inadequate account of the changes that had taken place around them. The markets abroad for their manufactures had been reduced or lost through the growth of competing national industries, and especially through the rapid industrialisation of Asia; and the production of the oversea Dominions and colonies lying in their economic and political orbits was no longer able to find a market in a world where consumption was reduced either by poverty or by policy. They in turn found themselves faced with unemployment and currency difficulties; and they met these difficulties by means of tariffs, quotas and other ingenious devices for maintaining a higher standard of life than they could afford in a bankrupt world.

Finally, as the strain imposed by the totalitarian States on their people grew heavier and heavier, their dictators sought to justify themselves to their own followers by blaming their difficulties on the selfish policies of happier lands; and, with the lead which they had established in rearmament, they became more and more insistent in their demands for a re-distribution of wealth. The democracies responded by rearming with equal zeal. Thus the world has become involved in its present race, through

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economic nationalism, to armaments and bankruptcy. Even if war can be avoided, the present armaments race will involve for most of the peoples of Europe further deep and painful readjustments of their social and economic systems.

II. ECONOMIC CHANGE IN THE BRITISH EMPIRE

THE break-up of the old economic order has profoundly affected the position of Great Britain and of the Empire. The efforts and the sacrifices made by the Dominions during the world war greatly developed their political consciousness, and thereby stimulated the economic tendencies, which were already emerging, in favour of encouraging domestic industries and protecting them from the competition of the more developed export industries of Europe. This process received a further impetus from the collapse of agricultural prices in 1929, which upset the balance of payments and the purchasing power of practically all the overseas Empire countries. The British investor, with some £2,000 million locked up in the Empire, was deeply interested in assisting the Dominion producers to obtain a fair share in the glutted world market. Thus both sentiment and self-interest suggested to the home country the policy accepted at Ottawa, whereby the Dominions were assured a preferential position in the United Kingdom market, at the expense of foreign countries—an advantage of outstanding importance to them during the following years. In return, the Dominions extended the preferences which they already accorded to United Kingdom manufactures, and they undertook to limit, to some extent, the degree of protection accorded to their domestic industries. The effectiveness of such undertakings in stemming an inevitable process should not be exaggerated, but they have undoubtedly been of some value to United Kingdom exporters. Lately, however, the Dominions have come

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to realise that the United Kingdom market will not suffice to absorb their production unless they can also maintain their outlets to potential markets in foreign countries. There is growing evidence of a desire to modify any engagements in the Ottawa agreements which hamper their economic freedom of action in relation to foreign countries.

A brief examination of the effect of Ottawa on the trade of the several Dominions and India may be useful here.

Canada :

The main benefit of the Ottawa economic agreement to Canada lay in the opportunity that it gave her to displace the United States in the United Kingdom market for certain agricultural products ; so far as the United Kingdom was concerned, this transference did not substantially alter the economic balance with North America as a whole.

Australia and New Zealand :

The preferences given in the United Kingdom market were of vital importance to Australia and New Zealand in enabling them to find a market for their agricultural produce. For her part, the United Kingdom gained, first, through the maintenance of the financial solvency of these Dominions, and, secondly, by obtaining an assured share of their markets for manufactured goods, within the limits of their purchasing power.

South Africa :

South Africa is dependent first and foremost upon her gold-mining industry, and for the past seven years South Africa has been one of the most prosperous corners of the globe. The Ottawa agreement probably helped the United Kingdom to obtain a greater share in this prosperity than would otherwise have been likely ; but it did not have a major influence on the economic trend.

The Indian Empire :

It is in India that the stresses—both political and economic—of the past twenty years have been definitely unfavourable to the economic position of the United Kingdom. The industrialisation of India has enabled

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her to replace a great part of the cotton piecegoods and other manufactures on which a goodly proportion of the working population of the United Kingdom were dependent in the past. The political tendencies favoured this process, by fostering the protection of Indian manufactures. The Ottawa agreement helped the United Kingdom exporters, in certain trades, to maintain their position, as compared with foreign exporters, but it did little to help them against the growing competition of protected Indian industries, and under the revised agreement concluded this year their position has substantially worsened. The development of Indian economic protection, inevitable though it was, has involved the loss to the United Kingdom of some £50 million of export trade annually.

As could have been foreseen, the adoption by the United Kingdom of protection and imperial preference, in combination, substantially reduced the purchasing power which foreign countries had derived from their trade with her, and which they had used largely for purchases in the rest of the Empire. In round figures, the result was to transfer £100 million of purchasing power from foreign countries to the Empire.* The fall in the purchas-

* The debit balance of trade of the United Kingdom with British countries and with foreign countries respectively during the past ten years shows the following development :

EXCESS OF U.K. IMPORTS OVER EXPORTS						
Year.				British Countries.	Foreign Countries.	
				£'000	£'000	
1929	.	.	.	11.4	370.4	
1930	.	.	.	35.3	351.2	
1931	.	.	.	60.9	346.2	
1932	.	.	.	71.1	214.6	
1933	.	.	.	75.2	182.9	
1934	.	.	.	74.7	209.6	
1935	.	.	.	69.3	205.7	
1936	.	.	.	104.7	241.7	
1937	.	.	.	140.9	291.4	
1938	.	.	.	125.4	262.6	
<i>Change since</i>						
1929	.	.	.	+114.0	-107.8	

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ing power of foreign countries naturally resulted in a contraction of their markets for the products of the overseas Empire countries. On the other hand, the requirements of the United Kingdom have been inadequate to absorb the full output of those countries, or to enable them to purchase more United Kingdom manufactures. Partly, therefore, as a result of the poverty of her customers, and partly as a result of political tendencies, the actual outlets for some of the staple United Kingdom exports have tended steadily to contract. The course of events can be changed only if the world demand for the raw materials and other primary products of the Dominions and colonies revives and their purchasing power is thereby raised.

One aspect of United Kingdom policy may have serious repercussions on the Empire, namely, the attempts now being made to stimulate home agriculture by restriction of imports. No doubt, the hopes raised in the Dominions by the United Kingdom's adoption of imperial preference were exaggerated; the United Kingdom, with a population stationary and tending to decline, cannot provide a constantly expanding market for the Empire's expanding production of foodstuffs. But the inevitable effects of the falling birth-rate on United Kingdom imports have been accentuated by the decision of the United Kingdom to expand the domestic production of cereals and livestock by the aid of subsidies of various kinds as well as the restriction of imports, both foreign and Empire. In this policy, supported in many cases by fallacious arguments about supplies in time of war, there is danger both to the consumer in the United Kingdom and to the producer in the overseas Dominions. The Dominions recognise that the United Kingdom Government is entitled to safeguard its agricultural production, just as they feel bound to maintain and develop their secondary industries. But they feel that the United Kingdom could attain its object by concentrating on forms of agriculture specially suited to the home market, which would not involve restrictions

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on imports of cereals and meat products from the Empire. The disillusionment that will be caused in the Dominions by carrying any further the present policy of the United Kingdom may ultimately be found to have serious effects on the economic relations between the different parts of the Empire.

III. THE POLICY OF THE UNITED KINGDOM

WHAT has been the effect of these developments on the economic position of the United Kingdom? First, the war shattered the unquestioned financial hegemony of Great Britain. It forced her to dispose of most of her realisable assets in the United States of America and in other "neutral" countries—something like £600 million in all—in order to pay for her war purchases before the United States joined as an associated Power. Thereafter the United States provided the dollars required to finance Britain's purchases, but she was left with a war debt of £900 million on this account. The debt was funded in 1924 and payments totalling over £400 million were made during the next ten years, until the British Government announced its inability to maintain these payments on their existing scale.

Meanwhile, the United States authorities were anxious that the pound should be stabilised, and in 1925 it was brought back to its old gold parity. For six years the position was maintained, with growing difficulty—widespread unemployment, stagnant trade, adverse balances of payments, budget deficits—covered up by short-term borrowings, these being facilitated by the flight of capital from a disorganised Europe. The withdrawal of French capital after 1927 disclosed the weakness of Great Britain's position, and with the collapse of the American stock-market in 1929, and the subsequent withdrawal of American capital from Europe, she was again forced off the gold standard in 1931.

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The coalition Government made a successful effort to restore budgetary equilibrium and adopted the system of protective tariffs, thereby reducing, for the time being, British imports, especially from foreign countries, by something like £250 million. The immediate effect of this and of the policy of "cheap money" was to stimulate home investment and to rectify the adverse balance of payments. But these measures merely transferred part of Great Britain's economic troubles to other European countries which were even less able to bear the strain. Their difficulties ultimately reacted on the British position. British unemployment figures improved; but the depression grew deeper in Germany, France and other countries. Throughout Europe, currencies toppled and exchange controls and restrictions on trade multiplied. In consequence, Great Britain herself had to face widespread defaults on commercial debts, reduction of her income from banking and shipping, and losses of outlets for her export industries. In order to protect herself, she restricted her imports from Europe, and in order to protect themselves the European countries in turn restricted their imports of colonial goods and Empire raw materials. The United Kingdom Government had instituted imperial preferences, which supported the market for Empire produce but did little to help the United Kingdom export industries. The ultimate effect of Great Britain's tariffs was to raise the cost of many of her exports, and this made it more difficult for her manufacturers to hold their own against their continental competitors.

Meanwhile, the United Kingdom had maintained, and had even been able to extend, social services. The system of unemployment insurance kept wage-standards up and discontent down, but delayed the transfer of labour to new occupations and added to industrial costs and to budget deficits. When, finally, Great Britain had to undertake rearmament on a colossal scale, the budget was again in a state of disorganisation and the balance of payments

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seriously adverse. Political uncertainties, coming on top of economic deficiencies, led to the withdrawal of foreign capital and a further depreciation of the currency. The network of makeshifts adopted to support the national economy had in the end reduced rather than increased its natural strength; each effort to meet the difficulties of one section has merely piled higher the burden on the rest of the country.

Great Britain, it is true, has avoided the more extreme forms of economic nationalism, and she has still very large reserves on which she is entitled to draw. She has spread the strains to which her economy has been subjected, and she has succeeded in maintaining a standard of prosperity which bears comparison with that of any part of the world. By means of preferential imperial relations, she has maintained a flourishing high-cost trade between the United Kingdom and the rest of the Empire, and in a number of special lines she has succeeded in maintaining a reasonably competitive position. But it is becoming increasingly difficult for her to do this. Her economic prosperity depends on an all-round development of her trade with the whole world, and in the long run she is unlikely to be able to maintain it by bolstering up her relatively high-cost production either by any system of tariffs and subsidies or by clearings and payments agreements. The British people have to face the fact that unless trade and prosperity can be revived on a world-wide basis they must accept a reduction in the national standard of living.

IV. CAN WORLD PROSPERITY BE RESTORED ?

IN brief, the story of the past twenty years, and particularly of the past ten, is that each country has been feverishly trying to preserve some degree of prosperity for its people by means of palliatives, each of which has contributed to make wider and deeper the general disorganisation of world

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economy. One of the most disquieting consequences is the effort of many Governments to justify to their own people the failure of their efforts by blaming other countries for the difficulties created by their own policies.

The difficulties of countries of central Europe in the supply of raw materials, for instance, are the result of their policies of over-stimulating internal productive activity. This policy has entailed a greatly increased demand for imported raw materials, while reducing both the capacity and the incentive to export goods. The inevitable consequence is a stringency in the balance of payments, which makes it difficult for these countries to purchase the raw materials that foreign producers are anxious to sell to them. In normal circumstances, the gap might have been bridged by credits or loans; but the policies of exchange control and debt default, which are the usual by-products of autarky, have deprived the countries in question of any such possibilities. In this impasse, they ascribe their difficulties to the lack of colonial territories and demand a redistribution of the world's wealth. The development of colonial territories, however, requires the investment of capital, which may for many years be unproductive, and the countries in question are suffering from a shortage of capital. Sweden and Switzerland, which have no colonies, suffer no shortage of raw materials, and are indeed among the most prosperous countries in the world. On the other hand, the seizure of Manchukuo has not enriched, but impoverished, Japan; the conquest of Abyssinia has not helped Italy, but has increased her financial and economic difficulties; and the possession of colonies would do nothing to improve economic conditions in Germany. The claim for additional "living-room" comes, absurdly, from a country which has had to import 800,000 farm workers to maintain its agricultural production. Nor is it possible to redistribute the world's wealth. National wealth is represented in the main by industrial organisation and not by transferable assets.

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Such claims are the products of economic ignorance and political propaganda.

The solution of the present-day economic problems of Europe needs to be approached from a much wider standpoint. The real question is whether there is any treatment that can cure the general impoverishment of Europe. Is it practicable to orientate policies in a new direction, or are we all bound to continue, under the pressure of vested interests, in the present state of strain and depression, with the growing political and social tensions that it involves? Great Britain certainly cannot do it alone, but could not an effort be made to secure a wider reconstruction of world trade and world prosperity in which she and other countries of the British Commonwealth could contribute their share?

The largest single factor in the disorganisation of post-war economies is the transfer of financial and economic power from Europe to the United States. The United States has surplus foodstuffs and raw materials to export, as well as highly efficient manufactures, which the rest of the world wants; but she can receive payment for these exports only if in return she is willing to take imports, which at present she does not want. She has claims in respect both of war debts and of post-war lending which she is fully entitled to assert; but these debts cannot be paid unless she takes still more goods from the debtor countries over and above those required to balance current trade. The difficulty is made still more insurmountable by the flight of refugee capital to the United States on an ever-increasing scale. As a result of all these factors the United States has already accumulated more than half the monetary gold in the world. Further payments in gold only embarrass her while reducing the monetary reserves of the rest of the world. It should be emphasised that the unbalanced position of the United States has been due to basic economic facts rather than to deliberate policies, but her present policies have not succeeded in restoring

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her former prosperity, and its restoration seems to depend on securing a better adjustment of her economic exchanges with the rest of the world. The present Administration has done something to reduce excessive tariffs by means of its trade agreements; but its powers were limited, and in using them the American negotiators had always to take account of their political critics and to obtain equivalent concessions for United States exports. Thus the net effect of the trade agreements on the United States balance of payments is inconsiderable, and there seems little possibility of further substantial progress by this method.

It might be possible to do more in the financial field, where the wisdom of the present Administration's policy has been more questionable. The deliberate depreciation of the dollar brought no real benefit to the United States and created great disturbance to the currency system of the world. If international trade is to be restored to its old level, we must eventually get back to an international system of free and stable currencies, on some modified gold standard basis; and the United States could do much to facilitate the process by re-lending at a very low rate of interest, for the purpose of currency stabilisation, part of her excess gold reserves, which are now lying useless. But it would be essential, for the success of any such measure, that the dollar exchange should be fixed, not in accordance with the desires of the United States exporters, but in accordance with the realities of the situation. The readjustments necessary would be made easier if the United States authorities allowed their gold holdings to have their full effect on domestic prices. Indeed, probably the most effective means of improving the situation would be such a rise in American prices.

But Europe must not be content to leave the sole responsibility to the United States. Without American co-operation it will be no easy task to raise the general level of world prosperity, but the countries of Europe could do a great deal to help one another, even if the

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United States proves not to be in a position radically to alter her policies. Perhaps the time may come when Monsieur Briand's idea of a European Union in the economic field can be revived; for it may be easier for the United States to contribute to the revival of trade by agreeing to some inter-European preferential arrangement than in any other way.

The British Empire can certainly help by revising, as and when conditions justify it, any preferences that are shown to create substantial prejudice to the economy of foreign countries. For example, the United Kingdom might consider the reduction of tariffs on some of the manufactures which it used to take from Europe, thereby providing the continental countries with more sterling for the purchase of Empire raw materials. But the United Kingdom cannot afford to do this unless the Dominions and India will help by allowing United Kingdom products ample preferences without seeking to drive too hard a preferential bargain for their own products in the United Kingdom market. What they are entitled to ask for is a limit to the uneconomic subsidisation and protection of British agriculture. A general revival of world trade will benefit the Empire countries more than they stand to lose by renouncing special privileges.

The principal countries in Europe all have contributions that they can make, and must make if the balance is to be a fair one. Germany and Italy can help by relaxing their present uneconomic plans for self-sufficiency and by allowing their people to consume more of the natural products of oversea countries, which will then be able to offer improved markets for German and Italian exports. France can help by opening her markets more freely to imports and by cutting out the network of quotas and other restrictions which prevent her purchasing power from flowing through the veins of international trade. In each case, the action proposed would not involve sacrifices but would be economically advantageous to the countries concerned.

V. A HOUSE DIVIDED AGAINST ITSELF

OF course, these various measures cannot be contemplated without a radical change in the present political atmosphere. So long as every country in the world is straining all its resources to arm against potential aggression, economic appeasement is not likely to be given much thought. But have we not all become to some extent victims of the intensive propaganda based on the opposing ideologies of National-Socialism and democracy?

If Europe is not to destroy itself in a suicidal war, which can benefit no country, some *modus vivendi* must be effected between these opposing ideologies. The democratic States claim that their political system aims at the improvement of the standard of life of their people. Their standards of consumption are certainly higher than in the totalitarian States. But is the standard of life to be judged by purely material factors? Are there not moral factors which we are too apt to ignore? The attitude towards unemployment may be taken as an example. In Great Britain, unemployment is regarded as a necessary corollary of an industrial system; and to some extent this is no doubt true. We salve our consciences by paying the unemployed their insurance benefit or "unemployment assistance"; and we thereby preserve the standard of wage for the employed. But what is the toll of human wastage that this system involves? Is there not something to be said for a policy that puts work, and self-respect, above trade-union rates combined with unemployment?

The democratic States—to consider another aspect—are all suffering from declining population. Limitation of families is no doubt justified on the ground that it is better to bring up one or two children well than to produce large families which cannot be adequately supported. But is not the desire for material comfort on the part of the parents at least partly responsible? And is it not better

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for the parents to lead a more frugal life and have larger families? The use of leisure is another example. The people of the democracies are free to enjoy their leisure as they like; but should not their employers take more interest in providing them with sports and other outlets for their leisure than most of them do to-day? As for the housing problem, Herr Hitler aims at rebuilding whole cities, though as long as his present scale of military expenditure continues it can only be an aim; and if rebuilding cities is necessary in Germany it is far more necessary in France and England. There has not been sufficient recognition in other countries of the social evolution that has taken place in Italy and in Germany under their present Governments. It is the sense of social obligation on the part of the workman, and of social responsibility on the part of the employer and of the state, which is the moral driving-power behind the success of National-Socialism. However much one detests the political methods by which the system is applied, and the mediæval darkening of freedom that has accompanied it, there is a living idea here which the democratic States might well adopt and fit into their systems by more civilised methods.

The political relations between the two systems are more difficult to reconcile. Indeed, no progress is possible so long as the claims of the totalitarian States are based on economic fallacies and supported by threats of aggression. To such threats a firm negation has to be offered, whatever the cost. If, however, the discussions can be transferred from the field of force to that of reason, reconciliation should not be impossible. Any consideration of social policies should naturally lead to an examination of the financial and economic conditions in which the optimum results can be attained, and the question could then be considered how far the "claims" on each side are justified and could be met.

Behind all the political differences that exist, the economic problems of the world to-day are common problems;

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unemployment, housing, nutrition, and the rest. Experience has shown that no country can insulate its economy from the troubles of the rest of the world; every attempt to hoist ourselves up by our own bootstraps leads merely to some new maladjustment. Just as, within any community, wealth can be increased only by increasing production and not by sharing out the capital of the relatively rich, so, in the community of nations, permanent prosperity cannot be induced by attempting to reserve or restrict trade, but only by promoting a general expansion of trade, in which all will share. And the problem of unemployment, in particular, cannot be solved nationally; it is essential to link together national efforts by means of concerted economic and financial collaboration. The future of the continent with whose destinies those of Great Britain and the British Commonwealth are inextricably entangled depends on finding means of working together and of building up gradually—with due regard to national sentiment and national requirements—some sort of United States of Europe. Sooner or later, whether it be after a war or without a war, the nations of Europe must learn to live together in peace; is it not best that the problem should be faced at once?

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I. ANGLO-IRISH RELATIONS

IN his momentous speech on foreign policy, delivered at the annual dinner of the Royal Institute of International Affairs on June 29, Lord Halifax declared that the British people now realised that their safety was not diminished, but immeasurably increased, by a free and friendly Ireland. This statement, obviously sincere if not entirely accurate, bears an unfortunate resemblance to Sir Edward Grey's reference to Ireland in August 1914 as "the one bright spot". To claim that Ireland is free so long as a large portion of her most historic province remains separated juridically from the remainder of the country as a mere province of the United Kingdom seems to the great majority of Irishmen a contradiction in terms. In the same speech Lord Halifax reminded certain other countries that actions and not words were required as proof of good faith. Most Irishmen feel, rightly or wrongly, that so long as the British Government subsidise the Government of Northern Ireland and maintain a military garrison in that province they are actively preventing the possibility of Irish unity, and that their actions in Ireland are contrary to the democratic ideals which they voice and defend elsewhere. Mr. O'Derig, the Minister for Education, speaking at Kilkenny on June 21, said that the Irish people very naturally ask the question, why, if British policy can see its way to acquiesce in, or even to recommend or propose, territorial adjustments in the interests of British policy elsewhere, British statesmen cannot recognise that it will be in their own best interests, as well as ours, to take steps to terminate the present dangerous situation in Ireland.

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It is unfortunately true that to describe Ireland as friendly to Great Britain in any active sense is also inexact. No doubt most Irish people realise, if somewhat dimly, that our freedom and prosperity are inevitably dependent on the freedom and prosperity of Great Britain, and that we cannot ultimately remain neutral in a struggle which involves the fate of that country and of the British Commonwealth. It is also true that even the present Irish Government would certainly take active steps to prevent Ireland's being used as a base for an attack on Great Britain. But one should not forget that there remains a small, irreconcilable section of our people who have been long nurtured on hatred of England and who would undoubtedly seize any available opportunity to injure or destroy her power, whatever might be the result for themselves and their country. They believe also that England will always yield to violence what she will not concede to reason. Although this element, now represented by the so-called "Irish Republican Army", is relatively insignificant in numbers, it exercises a profound influence on people like Mr. De Valera, who, while realising the vital necessity for friendly relations between Ireland and England in the interests of both, are afraid to take any step that would give the extreme minority any chance to describe them as pro-English. It is for this reason that Mr. De Valera will not make those concessions to Ulster sentiment concerning the King without which any kind of free and friendly political relations with Northern Ireland are impossible. For the same reason he is constantly insisting that Ireland would remain neutral in the event of war.

Speaking in Dublin at a meeting of his party, Fianna Fail, on April 23, he said that he knew there were numbers of republicans who disliked the policy of association with the British Commonwealth for the purpose of external relations; but the Government had deliberately adopted it because they saw in it the best hope of securing a united Ireland. If it became clear that this particular method was not the way to secure unity the Government could get rid of it. Mr.

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De Valera also pointed out that if in the constitution he had described Ireland as the Irish Republic he would not have changed it one whit; in short, that we had a republic in effect. If and when our present constitution was extended to the whole country, it would be for the Irish people as a whole to decide our future relationship with Great Britain and the British Commonwealth. As regards neutrality, he pointed out that only the Irish Parliament could commit the Irish people to war. Referring to partition, he said that when Irish people heard talk of aggression in any part of the world they felt sore, because they knew there was a continued aggression in six Irish counties. The facts should be made known, because it was inconceivable that a small section of people could be permitted to be a source of bitterness and a cause of quarrels between the two peoples.

Speaking in the Dail on June 14, he referred again to our position in the event of war, and said that the maintenance of our trading relations with Great Britain was essential for the life of the nation. The Government wanted to have as strong a force as possible here in order to make it unprofitable for an enemy to interfere with us. Their aim, however, was to keep the country out of war if they could. These speeches illustrate very well his constant attempt to avoid displeasing the extreme element. He is in fact the prisoner of his republican past. Unfortunately this situation may well lead to national disruption if war comes and his Government is obliged by reasons of self-preservation to align this country with the British Commonwealth. In that event the violent reactions of the disgruntled terrorists may well be disastrous for Ireland. Ambiguity in politics is not far removed from dishonesty, and has like results.

In spite of its protestations, the Irish Government continues to make some preparation for a possible war. Mr. Aiken, the Minister for Defence, in a series of radio broadcasts, has appealed for recruits to join the volunteer force and the regular army. How far these appeals have been answered is not made known, but there does not seem to

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have been a rush of recruits, and the Government may eventually have to consider the introduction of some form of compulsory service. Mr. Aiken said that if we were wise we would do our utmost to man our little corner of Europe, so important strategically and economically, with Irish soldiers, lest it be filled with others. A Bill has also been introduced which requires local authorities in our principal cities and urban areas, on penalty of dissolution, to prepare and submit air-raid precaution schemes for the approval of the Minister of Defence. The Bill has been criticised by the Opposition on the ground that it will impose heavy extra charges on the areas concerned without real necessity. Public opinion is inclined to consider these precautions superfluous, believing that distance and relative insignificance make it unlikely that we should have to suffer air attack when there are so many more important targets available between us and the continent.

Speaking in the Senate on July 11, Mr. McEntee, the Minister for Finance, expressed the Government's views on defence. He said that during the Great War, had it not been for Irish supplies of meat, Great Britain had at one time looked as if she would be reduced by starvation. Accordingly, Britain's enemies in the next war might think it better to attack Dublin, Cork, Waterford or Wexford, than London or Liverpool, which would be cities of perfect defence. Earlier in the same debate, Mr. Desmond Fitzgerald, who was Minister for Defence in the Cosgrave Government, had argued that the Government were wasting money in their defence programme. He said that he had been offered the Irish treaty ports by the British Government in 1928, but had refused them. He thought the present Government had endangered our neutrality by accepting the responsibility for defending these ports. Another point of view was voiced by Mr. Douglas, who held that we could not afford the money for adequate defence measures, and that we should take our courage in our hands and declare ourselves a nation of non-resisters.

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Meanwhile Miss Mary MacSwiney reflects the rage of extreme republicans in her violent denunciations of Mr. De Valera, whom she accuses of being completely untrustworthy and of having falsified every national promise he made in 1926. She protests that, whereas General Hertzog was able to get an assurance from the British Government that South African nationals in England would not be conscribed, Mr. De Valera could get no similar assurance for Irish citizens. In a statement issued to the press on May 18, Mr. De Valera, apropos of conscription in Great Britain, stated that he had protested to the British Government against the assumption that the nationality of Irish citizens could in any way be determined by British law. The British attitude in this matter was, he said, at variance with international usage and the Hague Conventions. The position of Ireland was that of a mother country, and its relations with Great Britain were entirely different from those of the Dominions. It will be remembered that Mr. De Valera's Government claims that Irish citizens are not British subjects, a claim which has no validity in United Kingdom law.

II. THE I.R.A. AND PARTITION

IT is an unfortunate fact that no member of the Government had the courage to say one word, of his own initiative, in condemnation of the abominable campaign of explosive outrage in England.* The outrages are of course condemned by every right-thinking person in Ireland, but save for some outspoken articles in the *Irish Times* this condemnation has not been particularly vocal. It shows of course a complete misjudgement of British character to imagine that such criminal and stupid attempts to terrorise the people of England can have any effect save to perpetuate the division of Ireland, against which they are apparently

* See THE ROUND TABLE, No. 114, March 1939, p. 368, and No. 115, June 1939, pp. 591 and 619 ; also below, p. 821.

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meant to serve as a protest; and our enemies could hardly have devised a better method of discrediting us.

Another aspect of these crimes has been dealt with by Cardinal Hinsley, who recently stated that Catholics who became members of secret societies which plot against Church or state incur excommunication and cannot be admitted to the sacraments. On July 21 it was stated that several of those serving sentences at Dartmoor for taking part in these outrages had been informed by the Roman Catholic chaplain, in accordance with the pronouncements of the English Catholic hierarchy, that they would not be admitted to the sacraments unless they repented and severed their association with the "I.R.A."

It is noticeable that many of the Irishmen convicted of complicity in the outrages come from Belfast, where extreme doctrines and methods are naturally prevalent. On May 29 a number of gas masks were collected by members of the "I.R.A." from houses in the Nationalist areas of Belfast and subsequently burnt in the streets. A secret radio station in the locality afterwards announced the fact, stating that the gas masks had been supplied by England, "the old-time enemy of Ireland, as imperial propaganda to the people of Belfast". This broadcast, which purported to come from the Brigade Headquarters of the Belfast "I.R.A.", also announced that "the war against England was almost won," and that under the direction of the Government of the Republic the nation was again on the march to victory. Another broadcast, apparently from the same transmitter, on July 7 declared that "in the event of Britain's going to war, we will see to it that no Irishman joins her armies; that no food from here reaches her civilians; that there shall be insecurity for her ships on our seas, and that the army she will be compelled to keep here will be destroyed. We will see that such a fury of destruction descends on every English city as will leave it in ruins. We have the power and will do all that is necessary to achieve our aims." It is impossible to reason with the

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fanatical mentality indicated by such announcements, which, in Belfast at all events, are the fruit of deep-seated political and religious hatreds.

On July 26 Mr. Frank MacDermot courageously moved a motion in the Senate calling for an explicit statement of the Government's attitude towards these outrages. He felt it unfair to the Irish people, he said, that the Government should not give them a lead in this matter. He believed that Mr. De Valera totally disapproved of them, but it was time to proclaim that disapproval in unmistakable language. It was not by English jail sentences but by Irish public opinion that he would wish to see these bombing activities repressed. Mr. De Valera's reply was as usual full of qualifications and reservations. He began by claiming that there was no necessity for the motion, as the Government's attitude had already been made clear, which is far from being true. Whilst admitting that his policy had received a setback, he went on to say that what he would have liked to do was "to appeal to the people who think they are furthering national interests by the present activities to ask them how they can hope to get a decision by methods of that kind. If they were thinking militarily, surely they must have thought of a decision, and the only decision they could get by that method was an adverse decision." That method, he believed, was completely wrong, but he also believed that a number of them were honestly animated by a desire to secure Irish liberty. His speech taken as a whole suggested that his only criticism of the outrages was that they were not likely to be successful, and that he was more concerned with the consequent injury to his policy than with condemning the diabolical conduct of those concerned.

As Mr. De Valera was making this characteristic apologia for their perpetrators, two serious explosions occurred in London railway stations, causing injury to sixteen people, one of whom subsequently died. The British House of Commons, on the same day, passed through all its stages a Bill which gives the Home Secretary drastic powers of

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deporting persons suspected of terrorist crime who have not resided in Great Britain for more than twenty years. On July 24, during the debate on the second reading of this measure, Sir Samuel Hoare disclosed that a plan had been discovered providing for wholesale sabotage in England and that this campaign of outrage was closely watched and stimulated by foreign organisations. The police, he stated, had information that this campaign was now likely to become more ruthless and careless of human life. All reasonable opinion in Ireland agrees that the British Government could take no other course, and that it is fully justified under present conditions in deporting any Irish citizens suspected of criminal activities.

If the Irish Government did not spontaneously denounce this violence, it has at least done something to put its own house in order and to restore its authority. On June 23, acting in accordance with the recently enacted Offences against the State Act,* the Government issued an order declaring the "Irish Republican Army" to be an illegal organisation. Simultaneously it was announced that the proposed republican parade to the grave of Wolfe Tone at Bodenstown on Sunday, June 25, had been prohibited under the new Act by the Commissioner of the Civic Guard. This is the second occasion on which the "I.R.A." has been banned by the present Government, the first being on June 18, 1936, when the Government acted under powers contained in the old constitution. The measures taken by the authorities to prevent the proposed demonstration proved completely effective. On the same day, however, a party of fully armed soldiers and two armoured cars had to be sent to Fermoy, County Cork, to quell a disturbance after a football match in which several Civic Guards, who attempted to direct a procession, were savagely attacked by the crowd and sustained injuries.

In Ulster on July 12 the usual spate of violent and depressing oratory was released in commemoration of the

* See THE ROUND TABLE, No. 115, June 1939, p. 593.

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Battle of the Boyne. The slogan for the day was "Hands off Ulster." Radio Eireann, the Dublin broadcasting station, scored neatly on that historic anniversary by giving a special programme of Ulster music and a military appreciation of King William's famous victory. A few days later our Minister for Justice, Mr. Rutledge, gained a popular victory of another kind by winning the Ulster Derby at Down Royal amidst the plaudits of Lord Craigavon and other members of the Northern Parliament. Sport is a great solvent of Irish differences. The promoters of the Irish Association, formed last January to promote better relations between the Irish people generally in both North and South, have held two successful meetings in Belfast and Dublin. It must be admitted that under present conditions their task may well seem impossible, but they apparently feel, not entirely without reason, that as compared with the fundamental rifts in other European nations the differences to be adjusted in Ireland are relatively small, provided they are approached in the proper spirit. On both sides of the Irish border there is a common love of freedom and country and a similar approach to the main problems of life and thought, which are the things that really matter. As Lord Charlemont, the President of the Association, pointed out at the Dublin meeting, there is a growing realisation in Ireland that no permanent good can be achieved by violence in either speech or action. Until quite lately Lord Charlemont was Minister for Education in Northern Ireland. The truth is that before any progress can be made towards Irish unity both sides in the Irish controversy must learn to understand and respect the views of the other, and to realise the causes of division, religious, political, and economic. There can be no satisfactory settlement without comprehension and compromise.

As the *New Northman*, which is the lively journal of the Belfast university students, has recently pointed out, while no one can deny the existence of cultural and economic relations between Northern Ireland and Great Britain, to

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assert that the two are so mutually interdependent as to allow the rest of Ireland to be excluded is not only untrue, but ridiculous. For better or for worse, Ireland as a whole must eventually share a common destiny, and it is consoling to find that those who will be the Ulster citizens of tomorrow realise that they are also Irishmen. To have attempted, as some wished, to conscript the youth of Ulster would only have led to civil war without benefit to Ulster, Ireland, or Great Britain. At this crucial moment Ireland can unite only on the basis of "an agreement to differ", and the sooner it is concluded the better.

III. THE BUDGET AND AFTER

MR. MCENTEE'S eighth budget, which he introduced in the Dail on May 10, was a nasty shock for Irish taxpayers, but, in so far as it confronted them with the realities of our financial position, it may well be salutary. Mr. McIntee made no attempt to conceal the unpleasant facts. Virtually every national service has increased in cost during the past financial year and will show a further increase in 1939-40. As a result of increased expenditure there was a deficit of £527,500 on last year's budget. During the eight years in which the Government has been in office the deadweight national debt has increased from £31,000,000 to £51,000,000. In the same period the cost of supply services has increased by £6,500,000, or by £8,250,000 if one allows for the fact that in the first year of the period they included payments to the British Government, amounting to £1,750,000, which were afterwards disputed and discontinued. This is certainly not a bad record for a party which in Opposition never tired of accusing its predecessors of profligacy, and which promised to reduce expenditure by £2,000,000 when elected to office.

The present budget provides for an expenditure of £35,516,000, and as compared with last year's figures shows an increase of £2,000,000 on the cost of supply services

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alone. Taxation at existing rates would yield only £31,124,000. To meet the difference of £4,392,000, Mr. McEntee allowed £1,000,000 for over-estimation, took £150,000 from the Road Fund, proposed to collect £68,000 from local authorities in respect of arrears of contributions towards unemployment assistance, and to borrow £2,005,000 to cover certain services which he claimed to be of a capital nature, thus leaving a balance of over £1,000,000 to be found by new taxation. This falls almost entirely on the well-to-do.

The income tax is raised by one shilling to 5s. 6d in the £, surtax increased by 10 per cent. on incomes between £3,000 and £8,000 and by 15 per cent. on those over £8,000, whilst twopence a gallon is placed on petrol and eightpence a pound on tobacco. As there are only about two thousand surtax payers in the country, they may be regarded as fair game. The personal allowance for income tax has been reduced and the earned-income allowance increased. Mr. McEntee claimed that there was no merit in devising new indirect taxes for the sake of novelty or as experiments. They involved, he said, administrative difficulties and expense, were uncertain in their yield and incidence, and often placed the purchaser at the mercy of the unscrupulous middleman.

Mr. McEntee's apologia for the increase in taxation and expenditure was that economy was a virtue often preached but seldom practised. He pointed out that, whilst all parties were clamouring for additional expenditure in various directions, scarcely a voice was raised to advocate greater care or thrift in dealing with public moneys. The Dail, he said, could not have it both ways. Either they must cut the social services in order to reduce expenditure, or they must maintain the services and increase taxation. 'This year's budget, he declared in conclusion, had been prepared at a time of unusual difficulty.' The European tension had increased expenditure and lowered revenue. Stringent and straitened as our position was, we could

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endure it so long as peace was maintained, but if war came our difficulties would be intensified beyond measure and we should have to tax where we could and what we could. Our standards of living, our whole mode of existence, and our very philosophy of life, would be changed radically and eventually for the worse. For that reason, he urged, we ought to support with all our heart and will those whose efforts might defer war.

Mr. Cosgrave, on behalf of the principal Opposition party, *Fine Gael*, said that, unless they could increase the national income by at least one-third, this budget was going to make further inroads into capital and reduce the nation's sterling balances or its credit. After its size, the worst feature of the budget was that it did not balance. There was no use in setting up bodies like the Banking Commission * and then ignoring their reports. The country, he said, was faced in this budget with a bill beyond its capacity to bear. The alternative was to throw out the Government.

During the debate on the Finance Bill in the Senate, grave views were expressed regarding the financial stability of the country. Sir John Keane said that the only remedy was to embark on a scheme of drastic retrenchment in all departments, a policy implicit in the report of the Banking Commission. It was the Government's responsibility to face the situation. Mr. Frank MacDermot warned those who would welcome a war and the downfall of Great Britain that it would also mean the downfall of any prosperity that we might hope to possess. Professor Joseph Johnston, who represents Dublin university and is one of our leading economists, pointed out that, while in 1929-30 taxation represented only one-seventh of our national income, it now represented one-fifth. Unemployment was breaking out, he said, even in some of the protected industries, and the number of people engaged in agriculture had diminished by 17,000 in one year. The real cause of our financial stringency was the Government's economic

* See THE ROUND TABLE, No. 113, December 1938, pp. 120-124.

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policy. In 1929 the country had imported £33,000,000 worth of industrial goods, whereas in 1936 it had imported only £16,000,000 worth. This drop of £17,000,000 was offset by an increase of only £8,500,000 in our home industrial output. Professor Johnston suggested that the destruction of at least three of the four beet-sugar factories would bring in a revenue of £750,000 without increasing the price of sugar to the consumer.

Mr. McEntee, replying to these criticisms, deprecated the use of the words "serious" and "grave" concerning the present financial position of the country, but he admitted that the cry for credit from this and that section of the community was fast becoming a cry for confiscation and expropriation. If, he said, the banks were compelled to yield to such demands, the small man who had put his money in them for safe keeping would start taking it out to make sure that no one was going to use it but himself. He also confessed that he would like to see expenditure on unproductive services reduced. His real difficulty, of course, is that all this increased expenditure has not been met by an increase in production. Whilst our direct taxation has been brought up to the British level, nothing has been done to bring indirect taxation down to that level.

The economic position was again debated in the Dail on July 7, when Mr. James Dillon moved a resolution urging the Government to put into effect the majority report of the Banking Commission by reducing direct and indirect taxation, restricting the creation of deadweight public debt, and stimulating profitable production. He offered the Government the co-operation and support of the Fine Gael party in such a policy. The time had passed, he said, for covering up the dangers that confronted the country. The reply of the Government, as voiced by Mr. De Valera and Mr. McEntee, was in effect that they were carefully considering the report of the Banking Commission, but that the economic position had greatly improved since it was presented, and that it contained nothing to justify the

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abandonment of their industrial policy. As compared with other countries we were, they alleged, in a sound financial position. On the whole, however, the debate revealed little real divergence in principle or practice between the two main parties. They are both opposed to financial experiments and realise that the link with sterling is essential under present conditions. The Labour party, who are not likely to attain office, and therefore lack a sense of responsibility, put forward an amendment which claimed that we had only to use our entire national resources to foster increased production and so banish unemployment and poverty—in other words, that we should resort to inflation on a grandiose scale. No serious arguments, however, were put forward to justify such a course.

The average voter is inclined to say “a plague o’ both your houses,” as appears from the recent by-election in Dublin City South, where only 36,238 voters went to the poll out of a possible total of 83,435. The seat was won by Mr. J. McCann, a Dublin business man, who was the Government party candidate, by a majority of 4,182, but, whilst the Fine Gael vote showed no reduction as compared with the 1938 election, the Fianna Fail vote showed a drop of over 10,000. During the election Mr. Lemass, the Minister for Industry and Commerce, said that a substantial fall in their party vote would be tantamount to a defeat. It may be surmised that all the extreme and many moderate supporters of the Government abstained from voting. It would be foolish, nevertheless, to regard the result as symptomatic of anything more than general apathy. More important is the election of Mrs. Tom Clarke as Lord Mayor of Dublin on the retirement, after nine years’ continuous service in that high office, of Alderman Alfred Byrne, one of our most popular public figures. Mrs. Clarke is the widow of Tom Clarke, who was a member of the old Fenian organisation and a signatory of the Republican Proclamation in 1916. He was amongst those executed immediately after the rebellion. Mrs. Clarke belongs to the Left wing of Mr.

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De Valera's party, and has not hesitated to criticise his policy or its moderation. One of her first actions as Lord Mayor was to refuse to wear the great chain of office because it had been a gift from King William. Although she was elected only by Alderman Byrne's casting vote her election is a straw which shows how the wind blows.

BRITISH FOREIGN POLICY

DOCUMENTS

1. *Extracts from the speech of Lord Halifax, Secretary of State for Foreign Affairs, at the annual dinner of the Royal Institute of International Affairs, June 29, 1939.*

National Unity

We have assumed obligations, and are preparing to assume more, with full understanding of their causes and with full understanding of their consequences. We know that, if the security and independence of other countries are to disappear, our own security and our own independence will be gravely threatened. We know that, if international law and order is to be preserved, we must be prepared to fight in its defence.

In the past we have always stood out against the attempt of any single Power to dominate Europe at the expense of the liberties of other nations, and British policy is, therefore, only following the inevitable line of its own history, if such an attempt were to be made again. . . . I believe that at no time since the war has there been such national unity on the main essentials of our foreign policy as to-day, and that with this spirit of unity goes a deep and wide-spread determination to make that policy effective. But I believe too that among all classes of our people who, in virtue of their common citizenship, are being called upon to defend their country, and the causes for which it stands, there is an increasing desire to look beyond the immediate present, and to see before them some goal for which they would willingly sacrifice their leisure and, if need be, their lives. . . .

Aggression and Encirclement

Our first resolve is to stop aggression. . . . For that reason and for that reason alone we have joined with other nations to meet a common danger. These arrangements we all know, and the world knows, have no purpose other than defence. They mean what they say—no more and no less. But they have been denounced as aiming at the isolation—or, as it is called, the encirclement—of Germany and of Italy, and as designed to prevent them from acquiring the living space necessary for their national existence. . . .

Germany is isolating herself, and is doing it most successfully and completely. She is isolating herself from other countries economically by her policy of autarky; she is isolating herself politically by

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a policy that causes constant anxiety to other nations, and culturally by her policy of racialism. If you deliberately isolate yourself from others you can blame nobody but yourself, and, so long as this isolation continues, the inevitable consequences of it are bound to become stronger and more marked. . . .

Living Space

I come next to *Lebensraum*. This word, of which we have not heard the last, needs to be fairly and carefully examined. Every developed community is, of course, faced with the vital problem of living space. But the problem is not solved simply by acquiring more territory. That may, indeed, only make the problem more acute. It can only be solved by wise ordering of the affairs of a country at home, and by adjusting and improving its relations with other countries abroad. For nations expand their wealth, and raise the standard of living of their people, by gaining the confidence of their neighbours, and thus facilitating the flow of goods between them. The very opposite is likely to be the consequence of action by one nation in suppression of the independent existence of her smaller and her weaker neighbours. And if *Lebensraum* is to be applied in that sense, we reject it and must resist its application. . . .

Economically the world is far too closely knit together for any one country to hope to profit itself at the expense of its neighbours, and no more than any other country can Germany hope to solve her economic problems in isolation. It is no doubt impossible at present for us to foresee the day when all trade everywhere will be completely free. But it is possible to make many arrangements, given the opportunity, which would greatly enlarge the area of freedom, and through co-operation—and we, for our part, are ready to co-operate—there is ample scope for extending to all nations the opportunity of a larger economic life, with all that this means, which is implied in the term *Lebensraum*. . . .

It is idle to cry peace where there is no peace, or to pretend to reach a settlement unless it can be guaranteed by the reduction of warlike preparations, and by the assured recognition of every nation's right to the free enjoyment of its independence. At this moment the doctrine of force bars the way to settlement, and fills the world with envy, hatred, malice and all uncharitableness. But if the doctrine of force were once abandoned, so that the fear of war that stalks the world were lifted, all outstanding questions would become easier to solve. If all the effort which is now devoted to the senseless multiplication of armaments, with the consequent increase of insecurity and distrust, were to be applied to the common peaceful development of resources, the peoples of the world would soon find an incentive to work together for the common good; they would realise that their true interests do not conflict and that progress and well-being depend upon community of aim and effort. The nations would then be in a position to discuss with real promise of success both political grievances and economic difficulties, whether in the international or colonial field.

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The Colonial Problem

This brings me to say something about the principles of our colonial administration. . . . We recognise, as the United States have recognised, that self-government should be the ultimate goal of colonial policy, a goal which is near or distant according to the capacity of the peoples concerned to manage their own affairs. In one of your own studies, *The Colonial Problem*, the type of research which enhances the reputation of Chatham House, you have considered the question whether colonies pay. You drew attention to the benefits of cheap imports which the consumers of a country possessing colonies obtain as the result of the relatively low cost of production of certain commodities in colonial territories. But under an international system under which the present trade barriers were to a great extent abolished, these benefits, already shared as they are to a considerable extent by many countries not possessing colonies, would be shared still more widely. On all sides there could be more free and more ready access to markets and raw materials of the world; wider channels of trade down which would flow the goods which nations require to buy and sell. Such are some of the possibilities within everybody's reach. . . .

Can we not look forward to a time when there may be agreement on common methods and aims of colonial development, which may ensure not only that the universally acknowledged purpose of colonial administration will be to help their inhabitants steadily to raise their level of life, but also that colonial territories may make a growing contribution to the world's resources? On such an agreed foundation of purpose we hope that others might be prepared with us to make their contribution to a better world. If so, I have no doubt that in the conduct of our colonial administration we should be ready to go far upon the economic side, as we have already done on the political side, in making wider application of the principles which now obtain in the mandated territories, including, on terms of reciprocity, that of the Open Door.

A New European Order

Whatever may be the difficulties of the colonial problem, or of any other, I would not despair of finding ways of settlement, once everybody has got the will to settle. But unless all countries do in fact desire a settlement, discussions will do more harm than good. It is impossible to negotiate with a country the leaders of which brand a friendly country as thieves and blackmailers, and indulge in daily monstrous slanders on British policy in all parts of the world. But if that spirit gave way to something different, his Majesty's Government would be ready to pool their best thought with others in order to end the present state of political and economic insecurity, and if we could get so far . . . our next task would be the reconstruction of the international order on a broader and firmer foundation. . . . An examination of the history of the Covenant may perhaps disclose that some of its obligations were too loose and others too rigid. It has been suggested, for instance, that

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some system of specific regional guarantees for the preservation of the peace would be more effective than the indefinite but universal obligations of Articles 10 and 16, and it is not impossible that the grouping of the Powers as it exists to-day, instead of dividing Europe, might be so moulded as to become the embryo of a better European system. That is one side of the problem. But it is not enough to devise measures for preventing the use of force to change the *status quo*, unless there is also machinery for bringing about peaceful change. For a living and changing world can never be held in iron clamps, and any such attempt is the high road to disaster. . . .

To-day, when the European nations, forgetful of their common civilisation, are arming to the teeth, it is more important than ever that we should remind ourselves of the essential unity of European civilisation. European minds meet across political frontiers. With the same background of knowledge, with the same heritage of culture, they study the same problems; the work of the great masters of science, of literature and of art is the common property of all peoples; and thinkers in every land exchange knowledge on equal and friendly terms. Truly is a divided Europe a house divided against itself and our foreign policy must, therefore, constantly bear in mind the immediate present and the more distant future, the steps we are now taking and the goal to which they are meant to lead. . . .

The Dual Policy

British policy rests on twin foundations of purpose. One is determination to resist force. The other is our recognition of the world's desire to get on with the constructive work of building peace. If we could once be satisfied that the intentions of others were the same as our own, and that we all really wanted peaceful solutions—then, I say here definitely, we could discuss the problems that are to-day causing the world anxiety. In such a new atmosphere we could examine the colonial problem, the problem of raw materials, trade barriers, the issue of *Lebensraum*, the limitation of armaments, and any other issue that affects the lives of all European citizens.

But this is not the position which we face to-day. The threat of military force is holding the world to ransom, and our immediate task is—and here I end as I began—to resist aggression. I would emphasise that to-night with all the strength at my command, so that nobody may misunderstand it. And if we are ever to succeed in removing misunderstanding and reaching a settlement which the world can trust, it must be upon some basis more substantial than verbal undertakings. . . . There can be no firm bargains on the basis of giving something concrete in return for mere assurances. None of us in these days can see very far ahead in the world in which we live, but we can and we must always be sure of the general direction in which we wish to travel. Let us, therefore, be very sure that whether or not we are to preserve for ourselves and for others the things we hold dear depends in the last resort upon ourselves, upon the strength of the personal faith of each one of us, and upon our resolution to maintain it.

DOCUMENTS

2. *Statement on Danzig by Mr. Neville Chamberlain, Prime Minister, in the House of Commons, July 10, 1939.*

. . . Racially Danzig is, almost wholly, a German city; but the prosperity of its inhabitants depends to a very large extent upon Polish trade. The Vistula is Poland's only waterway to the Baltic, and the port at its mouth is therefore of vital strategic and economic importance to her. Another Power established in Danzig could, if it so desired, block Poland's access to the sea, and so exert an economic and military stranglehold upon her.

Those who were responsible for framing the present statute of the Free City were fully conscious of these facts and did their best to make provision accordingly. Moreover there is no question of any oppression of the German population in Danzig. On the contrary, the administration of the Free City is in German hands, and the only restrictions imposed upon it are not of a kind to curtail the liberties of its citizens. The present settlement, though it may be capable of improvement, cannot in itself be regarded as basically unjust or illogical.

The maintenance of the *status quo* had in fact been guaranteed by the German Chancellor himself up to 1944 by the 10-year Treaty which he had concluded with Marshal Pilsudski. Up till last March Germany seems to have felt that, while the position of Danzig might ultimately require revision, the question was neither urgent nor likely to lead to a serious dispute. . . .

Recent occurrences in Danzig have inevitably given rise to fears that it is intended to settle her future status by unilateral action, organised by surreptitious methods, thus presenting Poland and other Powers with a *fait accompli*.

In such circumstances any action taken by Poland to restore the situation would, it is suggested, be represented as an act of aggression on her part, and if her action were supported by other Powers they would be accused of aiding and abetting her in the use of force.

If the sequence of events should in fact be such as is contemplated on this hypothesis, members will realise from what I have said earlier that the issue could not be considered as a purely local matter involving the rights and liberties of the Danzigers, which incidentally are in no way threatened, but would at once raise graver issues affecting Polish national existence and independence. We have guaranteed to give our assistance to Poland in the case of a clear threat to her independence, which she considers it vital to resist with her national forces, and we are firmly resolved to carry out this undertaking.

I have said that while the present settlement is neither basically unjust nor illogical, it may be capable of improvement. It may be that in a clearer atmosphere possible improvement could be discussed. Indeed, Colonel Beck has himself said in his speech on May 5 that if the Government of the Reich is guided by two conditions—namely, peaceful intentions and peaceful methods of procedure—all conversations are possible. . . .

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3. *Formula agreed upon with the Japanese Government and published on July 24, 1939, in order to clear the way for discussions on the situation at Tientsin.*

His Majesty's Government in the United Kingdom fully recognise the actual situation in China, where hostilities on a large scale are in progress, and note that, as long as that state of affairs continues to exist, the Japanese forces in China have special requirements for the purpose of safeguarding their own security and maintaining public order in regions under their control, and that they have to suppress or remove any such causes or acts as will obstruct them or benefit their enemy.

His Majesty's Government have no intention of countenancing any act or measures prejudicial to the attainment of the above-mentioned objects by Japanese forces, and they will take this opportunity to confirm their policy in this respect by making it plain to British authorities and British nationals in China that they should refrain from such acts and measures.

GREAT BRITAIN

I. THE PARLIAMENTARY SESSION

PARLIAMENTARY time in this season of the year is always taken up very largely by financial business. Apart from this, the latter part of the session has been fully occupied, first with a number of measures of economic reorganisation, and secondly with measures designed to strengthen our civil and military defences against an impending crisis.

On the side of public finance a number of changes have been made since the budget. Against considerable pressure, the Chancellor refused to alter his decision to increase by 10s. per standard horse-power the tax on motor cars, but he succumbed to the antagonism expressed to another of his budgetary changes. The tax on cinematograph film was abandoned when it proved impossible to find a formula that would leave the body of the tax intact while saving it from handicapping the struggling British film industry. On the other hand, a new tax was introduced into the Finance Bill, this time under pressure from the Left. In announcing the proposal to introduce compulsory military service, the Prime Minister had promised to take further steps to limit the profits of firms engaged on the rearmament programme. In fulfilment of this pledge, an Arms Profits Duty, now familiarly known as A.P.D., was introduced by way of amendment to the Finance Bill. It would appropriate for the state three-fifths of the profits earned by any concern executing, in one year, extra state orders worth £200,000. The tax would apply to profits earned during the next three years. The Chancellor of the Exchequer declared that the new

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Ministry of Supply had been given drastic powers to prevent abnormal profits; the duty was therefore to be regarded as a supplementary measure, and the Chancellor himself as "a long-stop for what escaped the prehensile hands of the Minister of Supply". Sub-contractors would be included, provided that they had a total turnover of £200,000 a year from all their work being done directly or indirectly for the Government under the rearmament programme.

There are inevitably many anomalies in such an unusual tax, applied not for economic or financial but for political purposes. One of the more obvious, in its original form, was the omission of the supply of foodstuffs from the trades liable to the tax. This was modified in face of parliamentary criticism, and profits on food supplied for military or kindred purposes will be taxed along with the profits of firms making guns or battleships.

The Chancellor's difficulties have been increased by a still further acceleration of defence plans. In a statement on July 13, he explained that the supplementary defence estimates, issued since the budget, would bring the nation's total arms expenditure during the financial year 1939-40 to £730 million—a total that has since had to be raised still further. This figure was £150 million more than had been provided in the budget statement for defence purposes. He had then announced that £250 million of the total would be raised out of taxes, and the rest by loan. The Chancellor now proposed to leave the amount to be raised out of taxes at the same figure, and to borrow on treasury bills to cover such portion of the rest as was not being raised under the Defence Loans Act. This means that the total of government borrowing in the current financial year will be approximately £500 million, a sum in excess of the usual estimates for the normal annual savings of the people. Apart from the defence supplementary estimates, Sir John Simon announced that various of the civil departments would require £14 million more

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than they had estimated before the budget. He had allowed for £5 million of such supplementaries in his budget estimates, and the rest would be met out of savings on the original votes. Undoubtedly the Chancellor has reason to look forward to a certain buoyancy of revenue as a by-product of the large-scale government expenditure, but a heavy burden of unproductive borrowing is bound to put a heavy strain on the economic stability of the country.*

The economic measures considered by Parliament include an agricultural development Bill, embodying the Government's policy of "price insurance" (another term for price stabilisation by means of subsidies) in regard to oats, barley and sheep; a Bill for the compulsory rationalisation of the cotton industry on lines accepted by Lancashire after years of discussion; a Milk Bill giving further government financial assistance in respect of cheap milk for children and mothers, bonuses to farmers producing a high-quality milk, and "price insurance" on milk diverted from the liquid milk market to the butter and cheese industries; and a Bill amalgamating Imperial Airways and British Airways into a single British international air-transport corporation.

The Government also had to take up parliamentary time with an urgent measure to control terrorist activities by Irish republican sympathisers.† The list of explosive outrages culminated in the blowing up of cloakrooms at two London railway stations on July 26, the very day on which the Prevention of Violence (Temporary Provisions) Bill was being considered and passed by the House of Commons. Although numbers of men and women continued to be caught and convicted of crimes in connection with the terrorist campaign, it had already become manifest that the ordinary powers of the peace-time law were insufficient to deal with the menace. The

* See below, p. 828.

† See THE ROUND TABLE, No. 115, June 1939, p. 619; and above, p. 802.

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new Bill, which gives the police special powers of arrest, examination or expulsion from the country of all persons suspected of complicity or intended complicity in I.R.A. terrorism, was introduced, in the words of its preamble, in order to "prevent the commission in Great Britain of further acts of violence designed to influence public opinion or government policy with regard to Irish affairs". It may be said with assurance, and not merely as a piece of bombast, that the idea of amending British policy towards Ireland in response to these dangerous and childish exploits has never entered the head of the mass of Englishmen, who have treated the whole affair as a problem in criminology and public safety rather than political persuasion.

The new Act is applicable to all persons who have not normally resided in Great Britain for the past twenty years; the power taken to expel British subjects, and even citizens of the United Kingdom who normally reside in Northern Ireland, has been pounced upon by Irish republican propaganda as evidence that the Government has been obliged to acknowledge the unity of Ireland and its separation as a nation from Great Britain and the British Empire. No such interpretation can, of course, be placed on the measure; on the other hand, it does not need propaganda to show that the existence of different legal nationalities, according to local law, in the different parts of the Commonwealth has been recognised for some years as a constitutional fact.

II. DEFENCE AND FOREIGN POLICY

THE third main class of measures with which Parliament has dealt concerns the organisation of our direct defences against the possibility of war. Four main measures have been considered. The first of them was the Civil Defence Bill,* establishing the rights and duties of employers and other classes in respect of the provision of

* See THE ROUND TABLE, No. 115, June 1939, p. 610.

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air-raid shelters; clarifying and extending the duties of local authorities; and otherwise bringing the legal aspects of A.R.P. up to date. The second measure in this class was the Bill setting up a Ministry of Supply. Although the new Ministry will not in peace time have control of the supply of munitions and material for the Air Ministry and the Admiralty, its powers are very wide. The Ministry will have authority to order that government contracts be given priority, to requisition output if difficulties should arise in obtaining such priority, to commandeer available storage facilities, to examine contractors' records and fix prices, and to require the protection of essential plant against air raids. Opposition arose from members who wanted to give the Ministry much wider powers, including control over the supply of war material to the navy and air force.

The third great defence Bill before Parliament was that setting up the new conscript force, known as the militia. The early indications that Labour opposition to this measure was slackening, in accordance with a realisation that the public as a whole approved of it, have been fulfilled in practice. The Trades Union Congress, at a special conference held at the end of May, approved by an overwhelming majority the policy recommended by its leaders of maintaining formal opposition to conscription, but of refusing to withdraw from co-operation with the Government in voluntary national service, or to take any industrial action against conscription. The Labour party, at its Whitsun conference, rejected by 1,670,000 votes to 286,000 a motion to resist—apparently by direct action—any form of conscription until a Government was in power which Labour could trust.

The first militiamen were called up in July, and an extremely encouraging feature of the episode, apart from the administrative smoothness with which it was carried through, was the unexpectedly high physical standard of the men called up. The number rejected was much lower

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than had been anticipated, with the result that the force is to that extent larger than the planned figure. The cost of the formation of the militia is reckoned at £30 million, apart from its later annual upkeep. Tribunals have been established for the consideration of conscientious objections. The number of men originally entered as having conscientious objection to serving in the militia was only 3,775, or only 1.7 per cent. of the 219,964 men called upon to register at the beginning of June. This insignificant figure may be taken as a measure of the extent to which the continued aggression of the totalitarian Powers has completely counteracted the wave of pacifism that spread over Great Britain a few years ago.

The last of the great batch of defensive legislation was the Reserve and Auxiliary Forces Bill, introduced in order to enable reserves for the army, navy and air force to be called up gradually, each unit for a short period of time, instead of requiring solemn proclamation of a state of emergency before any reservists could be placed under arms. This measure, which was received without party opposition, was plainly necessary in order to keep our defences up to the pitch at which they must be through these perilous months. Anti-aircraft guns and barrage-balloon units are now familiar sights in the parks and public places. Far from causing public alarm, these precautions are proving the best way of avoiding the danger of panic if a crisis should come upon us.

In a speech early in June the Minister for War declared that very shortly Great Britain would have upwards of 750,000 men under arms. Lord Chatfield, Minister for the Co-ordination of Defence, more recently told the House of Lords that there had never been a time when our plans for a war emergency had been so carefully laid. Encouragement has also been found in the progress of civil defence. The number of volunteers for various air-raid precautionary services now exceeds two millions. This was the figure aimed at in the Government's plan for

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achievement by this summer, and although some specialist services are still short of the numbers that they require the response is a great tribute to the spirit of the people and their readiness for sacrifice in the public cause.

Among the other defensive measures that call for brief note are the advice given to householders to store a week's supply of non-perishable food; the emergency barter agreement between the Governments of Great Britain and the United States for the exchange of 600,000 bales of cotton for 80,000 tons of rubber; the announcement of plans for the rationing of coal and petrol in war time; the introduction of a war risks insurance Bill, the announcement of plans for mobilising medical skill in war time, the impressive flights of R.A.F. bombing planes on long-distance practice cruises over France, and the first experimental black-out of London and the home counties on the night of August 10-11. A vital piece of military reorganisation has been the appointment of two Inspectors General, one for the oversea forces and the other for the home forces. These important posts have been given to two of the outstanding soldiers of their generation, General Sir Edmund Ironside and General Sir Walter Kirke.

Mention should also be made at this point of the plans laid for a Ministry of Information in the event of war. This will be concerned with all matters connected with news and publicity both at home and abroad. It will not, however, take over the B.B.C., nor impose a censorship of the press, other than restrictions to be voluntarily applied by the newspapers themselves. Nor will it operate in advance of a war emergency. The Minister indicated to take charge of it is Sir Samuel Hoare, and the permanent head would be Lord Perth. In peace time, Lord Perth has been made head of a new department of the Foreign Office, concerned with helping to put the British case to the people of foreign countries. This move is closely associated with the rapid extension of the B.B.C.'s foreign-language broadcasts, which would no doubt be multiplied

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in war time. How far the medium-wave home services would be restricted for defence reasons in time of war it is impossible to foretell. The possibility that they may be curtailed was admittedly one of the reasons for the Government's reversal of a previous decision not to give facilities for so-called wire broadcasting, whereby the subscriber can plug in to one of a series of programmes distributed along telephone wires.

In foreign policy there has been every evidence of a complete unanimity of principle among all the parties and all groups of public opinion in the country, even though there continues to be a good deal of personal criticism of the Prime Minister. Lord Halifax's speech of June 29 * was described by the *Manchester Guardian* (Opposition Liberal) as without question the finest speech on foreign policy made by a Minister of the National Government since it came to power. "Unshakably firm, irrefutably just, it expressed the ideals of those who look forward to a happier future with no less clarity than it reflected the present temper of the British people". The *News Chronicle* (Opposition Liberal) said that it would meet with the general approval of the British people, and it received equal praise from the Labour organ. A similar unanimity greeted both the Prime Minister's statement of July 11 on Danzig, and the plans to strengthen the resources of our allies and associates by providing an additional £50 million for the government guarantee of export credits extended where credit insurance would be impracticable on a commercial basis but where the transaction is regarded as desirable in the national interest. It is only by such indirect means that ways can be found for Great Britain to lend money to her friends at a time when the resources both of her national savings and of her balance of oversea payments are strained to the utmost to pay for her own rearmament.

On the other hand, the Government found itself faced

* Extracts from this speech are printed on p. 813 above.

BY-ELECTIONS

with substantial opposition, even on its own benches, over the issue of the re-assembly of Parliament. Many members felt that the dispersal of the British Parliament for two months' vacation would be regarded by the dictators as an invitation to take advantage of what these members regarded as the greater pliability of the Government than of Parliament. Several proposals were put forward, one being that Parliament should meet for one day each week, another that it should be represented during the vacation by a Council of State representative of the different parties in proportion to their parliamentary strength. The issue on which a vote was finally taken, however, was simply whether Parliament should be recalled after the recess on October 3, as the Government proposed, or on August 21, as Labour demanded. The Opposition amendment was defeated by 250 votes to 132, some 40 Government members abstaining. The Government, however, can ask for the recall of Parliament at an earlier date if an emergency should require it, and explicit undertakings have been given not to execute a change in British foreign policy without giving Parliament an opportunity to express its feelings.

III. BY-ELECTIONS

THE by-elections continue to show a shift of opinion against the Government since the general election of 1935, but by no means on a sufficient scale to threaten a loss of its majority. At Kennington, late in May, Labour gained the seat, the Conservative vote falling from 12,401 to 7,119, while the Labour vote fell from 11,856 to 10,715. Their only other gain was in Brecon and Radnor, where the Government poll fell from 22,079 to 18,043, whereas the Labour poll rose from 19,910 to 20,679. In the Colne Valley constituency, a former Labour seat, the party managed to increase its poll from 16,725 to 17,277, the Conservative vote falling from 10,917 to 9,012; the most striking feature of the result, however, was a fall in the

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Liberal vote from 12,946 to 9,228, although the candidate had nursed the constituency for years. This discouragement to the Liberals was offset by their success in holding the North Cornwall seat, on a majority increased from 836 to 1,464, the Liberal poll rising from 16,872 to 17,072. The Liberal vote also increased at Hythe, where the Government held the seat by a majority of 2,439, against a majority of 6,671 in 1935, while their total poll fell from 15,359 to 12,016. The Government majority was also reduced at Monmouth, where the Conservative vote fell from 23,262 to 17,358, the Labour poll also falling from 13,454 to 11,543. As evidence that to some extent these reductions of majorities may be directed against the sitting party, whether Government or Opposition, the Caerphilly by-election showed a decline in the Labour vote from 24,846 to 19,847, while the Conservative vote rose from 7,738 to 9,349.

A study of 61 by-elections between the general election and the end of May this year, undertaken by a Manchester research group, showed that there had been remarkably little variation year by year in the proportion of the total votes cast that has been turned over from Government to Opposition, the average being roughly 5 per cent. With an equal turnover in every constituency at a general election, the number of Labour seats would be increased from 166 to 239, but the Government would still have a majority of 63 in the House of Commons. A turnover about half as large again would be necessary to give Labour a parliamentary majority. On the contrary, experience shows that by-elections frequently exaggerate the swing against the Government of the day.

IV. A REARMAMENT BOOM

IN the field of trade and industry, a marked boom is well under way. At the beginning of the year, business was still in a state of depression. Recovery was hoped for,

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but most pundits pinned their hopes upon the expectation of an autumn upturn in business in the United States. Actually, recovery has proceeded month by month with growing vigour since early in the year. And it has owed practically nothing to American stimulation. It is the British Chancellor of the Exchequer, and not the American purchaser, who has engineered recovery. The expenditure of many millions of pounds upon defence, that is to say, public works of a specialised kind, has brought the greater part of the country's unemployed resources into activity again. It is a commonplace of history books that war is the "great consumer." In future editions there must be added a rider that modern "near-war" makes scarcely less large and widespread demands upon industry than war itself.

In December last year the *Economist's* index of business activity (1935 = 100) had fallen from its 1937 peak of 113½ (in August and September of that year) to 101. But in January it shot up to 104½; in May to 110½; and in June, at 111½, it was only two points below its previous best. Employment shows the same swift upward course. In January the number of insured persons aged 16-64 in employment in Great Britain (excluding agriculture) was 11,284,000. This was a marked falling-away from the record of 11,706,000 registered in September 1937. But by May there was a new high record of 11,838,000; and in July the 12 million mark was passed, the actual figure being 12,064,000. In January the total number of registered unemployed aged 14 and over (including those in agriculture) was 2,039,000; in July it had fallen to 1,256,000. The number wholly unemployed in January was 1,594,000; in July it was only 1,014,000.

Even this reduced total of unemployment is misleading. The normal number of workers passing from one job to another or seasonally idle in special trades may be taken as about half-a-million; another quarter-of-a-million, probably, are virtually unemployable because of age or

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because of a wasted youth; militia and territorial army claims will now take away from work, say, still another quarter-of-a-million on the average of the year. It is therefore clear that there is already a sharp shortage of labour. Even the pools of reserve labour in exceptionally depressed districts are actually smaller than they seem: many of the unemployed in such districts are too old to be easily reabsorbed; many more are too inexperienced after a youth of unemployment to be quickly trained for industry; and the bulk of the rest are not readily available for new types of work. Industries like aircraft manufacture and engineering are already hampered for lack of personnel, and over wide areas of the country unemployment in these trades has fallen as low as 2 per cent. of their insured workers. In fact, the clearest sign of the boom that is in progress is the nearness of industry in general to a novel state of full employment.

It is the approach of full employment that gives the gigantic defence expenditure of the Government its decisive economic significance. After a series of supplementary estimates, the revised cost of defence in 1939-40 is put at £747 million, 90 per cent. more than last year. Total national expenditure on all purposes in 1939-40 will be £1,454 million: in 1933-34 it was £690 million, less than this year's cost of defence. If the needs of overseas governments, local authorities and private business are added to the £500 million of loans and bills foreshadowed by the Chancellor, normal savings will be a long way exceeded by this year's borrowing needs.

Here is the crux and peculiarity of the present boom. Rearmament began five or six years ago, but until now it did no more than take in some part of the slack left by depressed civil industry. The scene has swiftly changed. Expenditure on the defence programme has risen to a level capable of generating a boom despite the hesitations of wide sections of private business. The further expenditure projected for the near future threatens to make

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demands upon labour, plant and capital which it will be literally impossible to satisfy without appreciably cutting down non-essential civil activity. No firm steps have so far been taken to do this; and, meanwhile, the problem is rendered more acute by the revival of most branches of non-armament industry under the indirect stimulus of defence spending. As employment, profits and wage-earnings rise, the demand for all sorts of consumption goods is growing as well. All industries in all parts of the country are affected. It is not only the engineering, aircraft and munitions trades that are busy; nor only those of iron and steel, shipbuilding and coal. Ever since last November the registrations of private cars have run steadily above last year's level month by month, and the improvement is accelerating. Registrations of commercial vehicles were below last year's level until May, but they, too, have gathered speed lately; and the course of retail trade shows the same steepening upward trend. It is true that the returns of the value of building plans (by 146 local authorities), which do not include direct government contracts, have shown a steady decline for a year and a half; but even in building the level of unemployment has distinctly fallen. It is almost certain that government contracts have much more than made up for the laggard progress of residential construction.

This is not to say that there are no gaps in the recovery front. The present state of international tension is responsible, not only for the vast arms activity that is the prime-mover of the rising trend of trade, but also for steady stagnation on the stock exchange, for reluctance to put through deals in real property, and for the relatively unfavourable record in recent months of the shops and stores in central and west London. The position was thus described by the *Economist* at the end of July :

The incidence (of recovery) is, of course, uneven. The stimulus comes from industry, not from commerce or finance . . . It is the provinces that are busy; the West End is still under a cloud, while the City is downright depressed.

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The boom is distorted, but it is very wide-embracing, and the moment is very near when its future course must be determined by public policy.

Other economic activities can be restricted to make way for near-war work in three ways. The curtailment of consumption by means of increased taxation, which is the first way, has so far been eschewed. Only one-third of this year's defence expenditure is to come from taxes, even though the reason given in April by Sir John Simon for his reluctance to raise taxes, namely, that to do so would be to check recovery, has lost a great deal of whatever force it then had. By next April the case for higher taxes will be invincible, but until then it is unlikely that, with a general election in the offing, sound finance of this sort will prevail over the easier way of seeming to make posterity pay for our defences.

The second mode of restriction is by direct control over trade and employment and over labour and materials. The establishment of a Ministry of Supply with powers to secure priority for government contracts is a step in this direction. Restriction of non-essential imports and concentration of the country's buying power upon necessary goods are other instances of controls that can hardly be avoided indefinitely. The guidance of exports into channels of strategic and diplomatic importance is another. The apportionment of labour to the places where it is most required is an even more imperative need.

But neither taxation nor control has so far been appreciably employed to ease the growing strain. The prevailing policy is rather an empirical one of "wait and see." In these circumstances it is almost certain that the third and crudest method of restriction must be brought into play. This is the way of inflation. With inflation operating, prices would be allowed to rise under the stimulus of the Government's loan expenditure; public and private enterprise would bid against each other for scarce labour and materials. Though easy and automatic,

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inflation is a hit-and-miss method, always inequitable and often dangerous.

It would be very misleading not to emphasise at this point that, although the necessary conditions for inflation are being rapidly created, the fact of inflation is still absent. So far from rising, commodity prices are still falling. The *Economist's* index of wholesale prices, based on 100 for September 18, 1931, which stood at 131.3 at the end of December 1936 and at 113.7 two years later, was only 114.7 on July 26, 1939. The position is paradoxical. Arms output has grown greatly; there has at least been no reduction in the activity of the consumption trades; every branch of industry—including textiles, where a truly notable recovery has been staged—is busy. Yet the prices of raw materials are still falling. It is true that the price index is appreciably affected by the record slump in wheat prices. It is true, too, that this is commonly a season of the year when prices fall back. But, even so, the fact remains remarkable; and, moreover, it goes a long way towards explaining why the worst strains of the armament boom have not yet become manifest.

For instance, the boom is ultimately bound to imply a worsening of the trade balance as imports are swollen. So far, this danger has not become pressing.

UNITED KINGDOM: OVERSEAS TRADE

(000's omitted)

<i>Monthly Average in :</i>	<i>Domestic Exports</i>	<i>Retained Imports</i>	<i>Debit Balance</i>
	£	£	£
1937	43,466	79,492	36,026
1938	39,240	71,569	32,329
First half of 1939 .	39,414	70,279	30,865

In May, June and July, admittedly, the import surplus exceeded that of the same months in 1938, and this trend seems likely to continue. But there has been a steady decline in the prices of imports since 1937; raw

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materials and foodstuffs have become steadily cheaper; and that is why the boom has gone so far without the complications of soaring import surpluses, rising prices, increases in the cost of living, acrimonious wage demands and all the other signs of inflation.

Yet these contingencies are by no means out of the picture. Prices have failed to rise largely for two reasons (apart from changes in the volume of world stocks): the persistence of recession in the United States, and the sudden over-supply of certain commodities like wheat, simply as a result of nature's unexpected bounty. On the demand side, the full weight of government requirements has not yet been thrown into the scale. The 1939-40 programme of expenditure is not yet in full swing. The urgently desirable policy of heaping up reserves of materials and food against an emergency has only been sketched out. Other Governments, too, have large demands still to make. The tide will assuredly turn.

That is the position. There is a breathing space before the expected increase in prices begins. Until it does, the best is being made of both worlds. There is a boom with low prices, high employment with a low cost of living. Money earnings and real earnings are still rising together. But the shadow of inflation overhangs the present prosperity; and it is equally in the interests of the community, who will suffer when prices soar, and of the Government, whose inescapable task is to carry through the defence programme with efficiency and despatch, that plans should be laid forthwith to eke out the nation's resources without the clumsy expedient of unchecked inflation.

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I. CONFERENCES ON CANADIAN-AMERICAN AFFAIRS

SOME years ago Dr. James T. Shotwell, the distinguished Canadian-born American scholar who is director of the division of economics and history in the Carnegie Endowment for International Peace, conceived the idea that the Endowment, which had devoted much of its resources in the past to investigating the troubled areas of the world, might to good advantage encourage the study of what is perhaps the most successful example extant of peaceful international living—the relations between the United States and Canada. This idea has since borne fruit in at least two important projects: the series of scholarly historical and economic studies which are appearing at intervals under the general title of *The Relations of Canada and the United States*, and the three successive conferences on Canadian-American affairs which have taken place under the joint auspices of the Carnegie Endowment, the St. Lawrence University (Canton, New York), and Queen's University (Kingston, Ontario).

The first of these conferences was held at St. Lawrence in 1935; the second at Queen's in 1937; while for the most recent (June 19-22, 1939) the members returned to St. Lawrence. Members of the conferences attend by invitation. The personnel has been primarily academic, though the lump has been somewhat leavened by the presence of a few members of both countries' legislatures, government officials and civil servants, soldiers, journalists, and the like. It was remarked at one conference that the Americans present were chiefly either ex-Canadians or persons having some sort of special professional interest in relations with

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Canada. This was less true in 1939 than on the earlier occasions; but it is probably fair to assume that the organisers have discovered that it is harder to interest the average American in Canadian-American relations than it is to interest the average Canadian. The conferences are, of course, entirely unofficial. They pass no resolutions, formulate no principles, and attempt no propaganda; volumes of proceedings are published. As the conferences are merely forums for exchange of views it is easy to accuse them of being ineffectual. Nevertheless, it could probably be demonstrated that they have had a measurable if limited effect in increasing the diffusion of information (and therefore presumably of understanding) concerning each country's problems on the opposite side of "the line".

In their subject-matter the conferences have reflected in a rather striking fashion the deteriorating world situation of the past few years and the concurrently growing anxiety of the North American countries. Foreign policy had no place on the agenda of the 1935 meeting, but one improvised discussion, chiefly turning about the Far Eastern situation, did take place. In 1937 a full session was devoted to the foreign situation. In 1939 it entirely dominated the discussions, which were primarily dedicated to study of the external relations of North America. Economic relations were dealt with at some length, and the final sessions were devoted, significantly enough, to a matter to which neither of the previous conferences had paid much attention—the problems of defence. Many schools of thought were represented in the discussions of these questions. One interesting feature was the all-but unanimous fashion in which Canadian speakers called upon the United States to assume a rôle of active leadership in the struggle for world order. In an introductory paper an eminent Canadian economist pointed out that a re-integration of world economy was certain to take place in the near future; and that the question whether the ultimate result would be a fascist type of trade system founded on force,

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or a system founded on peace and free exchange, rested largely with the United States. A later speaker argued that sooner or later the American republic would have to face its destiny: that power brought responsibility with it; and that for all its reluctance the most powerful nation in the world could not indefinitely avoid assuming the burden of the creation and defence of some sort of world balance of power. The Americans on their side displayed, to an extent that certainly surprised some Canadian observers, a conviction that the practical interests of the United States were closely bound up with the outcome of the present critical situations in Europe and the Far East. The view was expressed, not once but several times, that, all questions of morals and sentiment apart, the republic simply could not afford to see Great Britain and France destroyed or rendered impotent, or Japan become undisputed master of eastern Asia. It would perhaps be unwise to attach too much importance to these declarations, which came, after all, from Americans representing predominantly the intellectual centres of the eastern states; yet the change of tone as compared with that in evidence at the earlier meetings was remarkable, and provided striking evidence of the force of the impact of recent happenings upon the mind of some sections at least of the American people.

Curiously enough, the really intransigent expressions of isolationist sentiment in 1939 came not from Americans at all, but from the spokesmen of the anti-imperialist groups in Canada, which as usual were ably and articulately represented. One of these, speaking with a vehemence that seemed to some observers to reflect the sense of defeat which has apparently been growing in the minds of the isolationists in Canada since September of 1938, went so far as to tell the Americans present that they were witnessing the last struggle of a part of the English-speaking world for self-government. (The reference was to the legal incapacity of Canada to declare neutrality in a British war, and the refusal of the Canadian Government to introduce

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legislation investing her with this power). More than one French-Canadian member spoke; they confined themselves in the main to exposition of the reluctance of their people to contemplate intervention in a war in which Canadian interests and Canadian security were not definitely and directly at stake.

In the discussion of these larger and very pressing issues, questions of Canadian-American relations *per se* tended to fall into the background. Some such questions, however, were raised in the discussions on defence. A Canadian speaker, describing the Dominion's new defence programme, suggested that it was inspired, not only by fear of the aggressor States, but also by the desire to impress the United States with the fact that Canada was bearing her proper share in the general defence of North America, and that the United States would never need to intervene on Canadian soil in the interest of her own security. More than one Canadian expressed the opinion that the scheme for the construction by the United States of a military highway across British Columbia, connecting the continental United States with Alaska, was inadmissible as being inconsistent with Canadian self-respect. One possible source of Canadian-American difficulty was briefly noticed by two Canadian speakers, who suggested that if the United States adopted a policy of excluding immigrants from Canada this would occasion an increasing divergence between the two countries' standards of living and presumably a deterioration of the present friendly relations. In view of the apparently hardening sentiment on the subject in Congress, this question may conceivably become a serious one in the near future.

Considerable discussion resulted from the suggestion of an American speaker that Canada ought to join the Pan-American Union, a suggestion which seemed acceptable to the American members generally. Canadians were less united on the issue. The anti-imperialist groups appeared in general to favour the idea, but a number of arguments

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were advanced against it. One speaker suggested that the motive of the American desire to bring Canada into the Union was the idea that she would lend support to American policy, and went on to point out that if she did take this line she might impair her relations with Latin America, which now are satisfactory though relatively unimportant; whereas if she chose to take an independent line, distinct from that of the United States, her relations with that country, which naturally are of paramount importance to her, might suffer. The same speaker hinted that the Union might seem more acceptable to Canada if Great Britain, France and Holland (all of which are American Powers) were included in it; while another, following the general Canadian line of argument already noted, thought that Canada would be readier to join if the United States showed itself prepared to take a more active rôle in world affairs generally. The discussion was rather inconclusive, though it left the impression that a majority of the Canadian representatives were not convinced that the Dominion would be well advised to adhere to the Union. One Canadian suggested, however, that it was time for his countrymen to give more careful consideration to this question, for if left in its present state it might some day prove "the entering wedge" for serious Canadian-American difficulties.

II. BACK TO THE CONSTITUTION

EVER since the beginning of the world depression, increasing national attention has been given to the British North America Act, and in November 1937 a Royal Commission on Dominion-Provincial Relations was appointed to survey the constitutional situation after hearing evidence throughout the country. This Commission, at the time of writing, has not yet reported; but the briefs presented to it by the provinces disclosed that provincial agreement on constitutional changes is as far off as ever. The *status quo* received wide approval, especially

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in Ontario and Quebec. Cutting across the constitutional problem in its domestic aspects came the international situation, and out of it arose the question of Canadian neutrality. In these circumstances, many minds have turned to the study of the actual terms of the British North America Act, including the legal issue of neutrality, and to a review of the opinions of the Judicial Committee of the Privy Council in the light of those terms. "Back to the Constitution" seems, to-day, to constitute some rallying-ground for public opinion.

No detailed review will be made here of the judicial decisions on the Act; for comprehensiveness is out of the question and selection would be misleading. In addition, this work has recently been done in a first-class manner by Mr. W. F. O'Connor, K.C., parliamentary counsel to the Senate, in a report on the British North America Act * recently presented to that body. We aim to regard rather "the constitution itself and not what has been said about it".† The proposed review may disclose in some degree that John A. Macdonald's hope of avoiding "all conflict of jurisdiction" ‡ was not the mere rhetoric of debate.

The preliminaries to the enactment of the British North America Act are well known. The general intentions are clear: to give to the Dominion legislative power over national matters and to the provinces legislative power over local matters. The preamble to the Act says that "the Provinces of Canada, Nova Scotia and New Brunswick have expressed their desire to be federally united". This "desire" had been expressed in the London Conference Resolutions of 1866,§ where the whole scheme was

* The King's Printer, Ottawa, 1939.

† *Per Frankfurter, J. in Graves et al v. The People of N.Y.*, (1938) U.S., March 27, 1939.

‡ *Confederation Debates* (February 6, 1865) in Kennedy, *Statutes, Treaties and Documents of the Canadian Constitution* (Oxford, 1930), p. 559.

§ The London Conference Resolutions are cited in Kennedy, *op. cit.*, pp. 611 *et seq.*

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considered *de novo* by colonial delegates, and an agreement was reached to seek "the sanction of the Imperial Parliament . . . for the union of the Provinces on the principles adopted by the Conference". The governing principles laid down are abundantly clear :

A general government charged with matters of common interest to the whole country and local governments for each of the Canadas and for the Provinces of Nova Scotia and New Brunswick charged with the control of local matters in their respective sections.

The Resolutions were forwarded to the Colonial Secretary by Macdonald with a request for legislation based on their expressed terms.

The Resolutions contained an enumeration of provincial subject-matters (Resolution 41), and these the draftsman, Lord Thring, turned into section 92 of the British North America Act. They became exclusive to the provinces, for the simple reason that the London Resolutions desired the provinces to have "control of local matters". Again, the London Resolutions (No. 28) assigned to the Dominion "power to make laws for the peace, welfare and good government of the Confederation . . . and especially laws respecting the following subjects". Here followed thirty-six enumerated subjects, of which the last read : "And generally respecting all matters of a general character, not specially and exclusively reserved for the local legislatures". Now, it is a matter of historical record that section 92 of the Act was drafted first ; and, as Lord Thring approached the drafting of section 91 (the federal legislative powers), all that he strictly needed to do was to state that the federal legislature had power to legislate on all matters not assigned exclusively to the provinces. This, in fact, he did, and the clause would have been sufficient to distribute the powers. Resolution No. 28, however, faced him, demanding its expression in statutory form. He could not, and did not, include its enumerated heads in section 91 as *further* powers, because the Resolution had referred to them

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as "especially" laws illustrative of the general residuary power given to the Dominion. In sections 92 and 91, therefore, which were amply and carefully founded on Resolutions 41 and 28 of the London Conference, provincial powers were enumerated and exclusive, while federal powers were the residuum, with *illustrations*. The whole range of legislative powers within the new Dominion was exhausted by the distribution.

Section 91 runs as follows :

It shall be lawful for the Queen by and with the advice and consent of the Senate and House of Commons to make Laws for the Peace, Order and Good Government of Canada in relation to all matters not coming within the classes of subjects by this Act assigned exclusively to the Legislatures of the Provinces, and for greater certainty, but not so as to restrict the generality of the foregoing Powers of this section, it is hereby declared that (notwithstanding anything in this Act) the exclusive legislative authority of the Parliament of Canada extends to all matters within the classes of subjects next hereinafter enumerated; that is to say—

(Here follows an enumeration of twenty-nine classes of subjects concluding with this unnumbered paragraph) :

And any matter coming within any of the classes of subjects enumerated in this section shall not be deemed to come within the class of matters of a local or private nature comprised within the enumeration of the classes of subjects by this Act assigned exclusively to the Legislatures of the Provinces.

This is to be read in conjunction with section 92.

In each Province the legislature may exclusively make laws in relation to matters coming within the classes of subjects hereinafter enumerated; that is to say—

(Here follows an enumeration of sixteen classes of subjects of which the last is the following) :

16. Generally all matters of a merely local or private nature in the Province.

Neither to the Dominion nor to the provinces is given jurisdiction over any field of law; each is given authority to make laws "in relation to" matters coming within certain spheres. The provincial powers are exclusive,

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and they cover an enumeration of classes of matters. The Dominion powers are residuary, and residuary they remain. Certain enumerations follow, but in a declaratory clause, which is written "for greater certainty" (the "especially" of the London Resolutions, No. 28) and "not so as to restrict the generality of the foregoing terms". The clause is not enacting—"shall extend"; it is declaratory—"extends". It neither adds to nor takes away from the residuary clause. Section 91 followed in an admirable manner not merely the general scheme of the London Conference but in particular Resolution No. 28. Dominion legislation will prevail if it is of a general nature; provincial legislation will prevail if it is merely of a local provincial nature.

If any competent person cares to examine the cases for the first twenty years after the enactment of the constitution, he will see that the terms of the Act, as here analysed, not only prevailed but also provided a working scheme. To examine the subsequent cases would be here impossible; but it is more than clear that they turned the Act into something which its terms never intended. In effect, the Judicial Committee of the Privy Council has legislated for Canada. Illustrations from its decisions may be given :

(i) It has separated the enumerations of section 91 from the governing enacting clause and has given them a place as separate, distinct and paramount grants, which they are not, turning them into the only normal legislative power of the Dominion.

(ii) It has looked on the residue of power left with the Dominion as something apart from its enumerated *examples*, reading for "extend", "shall extend". It has spoken of a "general power" and "particular powers" of the Dominion as though they were two separate things; and it has erected its conception of a "general power" into one which is valid only in a national emergency.

(iii) Not satisfied with all this, it has so modified some of the enumerated examples of the Dominion's power as to divest them of any authority.

(iv) It has practically destroyed the doctrine of different aspects of any legislative subject-matter by forgetting that there is a federal as well as a provincial aspect of "property and civil rights".

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(v) It took on, in 1896, in express words, a special guardianship of the provinces and, in becoming a guardian, it ceased to be judicial.*

The terms of the Act, in their plain meaning, are not supremely difficult of application; and the complexities which to-day flow from our constitution, to the detriment of our national life, do not flow from the terms of the Act, but from the interpretation of them, which cannot be justified on any reasonable grounds. It is clear that the "Fathers of Federation", working with Lord Thring, gave to Canada an instrument of government flexible in its terms and capable of becoming an admirable basis for the growth of a nation—a federal nation. In its terms there is clear scope for national life and for provincial life. It would indeed seem that if both are to progress we must go "back to the constitution" and give its terms a chance to work once more as they did in the early days. It is surely not too much to try to do. This, of course, raises the whole question of appeals to the Judicial Committee of the Privy Council.

The Statute of Westminster declared that the Parliament of Canada had full power to make laws having extra-territorial operation and abolished the doctrine of repugnancy under the Colonial Laws Validity Act. Under the Statute of Westminster, the power of the Parliament of Canada to abolish all appeals to the Judicial Committee in criminal cases was upheld in *British Coal Corporation v. The King*.† The failure of the Judicial Committee to uphold the social legislation of Mr. R. B. Bennett's Government, commonly known as "the New Deal", gave rise to

* For an extraordinary attempt to guard the provinces as against the federal taxing-power, see Lord Atkin in *A.G. for Canada v. A.G. for Ontario*, (1937) A.C. 355, at pp. 366-7. So strange are Lord Atkin's words that Mr. C. H. Cahan suggested in the House of Commons (April 1939) that the Governor-General in Council should seek from the Supreme Court an opinion as to whether the Canadian Parliament could legally appropriate money for provincial subject-matters.

† (1935) A.C. 500.

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wide discussion, and the whole matter of appeals took on a sense of reality for which there was no previous parallel in Canadian history. Public opinion is far from being crystallised. On the one hand, there continues the old doctrinaire argument, built on little exact knowledge and informed largely by sentiment, that legislative power without Canadian judicial finality is a relic of colonialism. On the other hand, the legal profession, in so far as it has expressed itself corporately through Bar Associations and the like, continues to talk of "bonds of Empire", of "the footsteps of the Throne", of "keeping the law in step"—an approach equally sentimental if less justifiable. There is, however, a great body of sensible and well-informed middle opinion which would link the whole question with the movement "back to the constitution", seeking change in the hope that the British North America Act might be applied to Canadian life in its own terms by a Canadian judiciary. This body of opinion is practical, and its leaders refrain from emotional argument, meeting each point as far as possible on grounds of facts. Thus, it is becoming clearer that appeals to the Judicial Committee are not a bond of Empire, are not going to the footsteps of the Throne, and that the Judicial Committee does not necessarily keep the law "in step". Much more difficult to meet is the opinion that the Judicial Committee possesses, of necessity, an objectivity which does not and cannot exist in Canada. That opinion might be met on many grounds, of which the most important would be that we need the very subjectivity of Canadian judges; for the merest tyro in jurisprudence knows the importance of this in the whole judicial process. However all this may be, public opinion is in practice far more favourable to the total abolition of appeals to the Judicial Committee than it was in 1934 when the matter was reviewed in *THE ROUND TABLE*.^{*} That article, however, suggested that serious difficulties might arise; for it was

^{*} No. 96, September 1934, pp. 808 *et seq.*

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then far from clear whether all appeals from both federal and provincial courts could be abolished without Dominion-provincial agreement. Since 1934, much study has been given to the issues at stake.

In 1938, Mr. C. H. Cahan introduced a Bill dealing with appeals and it received the approval of Mr. E. Lapointe, Minister of Justice. During the debates on Mr. Cahan's Bill, Mr. Lapointe suggested that the Bill be held over for further study and he introduced for the first time in public a new point of view. He maintained that the Parliament of Canada had power to abolish all appeals in all matters from any court—federal or provincial—to the Judicial Committee. He pointed out that under section 92 of the British North America Act the provincial powers in relation to courts, the administration of justice and procedure apply only "within the province", and that, as they cannot include a power to abolish appeals to the Supreme Court of Canada,* which is outside the province, so, *a fortiori*, they cannot include power to abolish appeals to the Judicial Committee. Such power must lie with the Dominion under its residue of power and under section 101 of the British North America Act, where power is granted to the Parliament of Canada to establish "a general court of appeal for Canada". On Mr. Lapointe's advice, Mr. Cahan withdrew his Bill. Mr. Lapointe added that in the next session facilities would be given if necessary for discussion. Mr. Cahan's Bill was reintroduced and passed its first reading in January 1939.

A revised version came up for discussion, with the full sympathy of the Minister of Justice, on April 14, 1939, in the following form :

1. Section fifty-four of the Supreme Court Act . . . is repealed and the following substituted therefor—

" 54. (1) The Supreme Court shall have hold and exercise exclusive ultimate appellate civil and criminal jurisdiction within and for Canada; and the judgment of the Court shall, in all cases, be final and conclusive."

* *Crown Grain Company v. Day*, (1908) A.C. 504.

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2. Notwithstanding any royal prerogative or anything contained in any Act of the Parliament of the United Kingdom or any Act of the Parliament of Canada or any Act of the legislature of any province of Canada or any other statute or law, no appeal shall lie or be brought from any Court now or hereafter established within Canada to any court of appeal tribunal or authority by which, in the United Kingdom, appeals or petitions to His Majesty in Council may be ordered to be heard.

3. The Judicial Committee Act, 1833, chapter forty-one of the statutes of the United Kingdom of Great Britain and Ireland, 1833, and the Judicial Committee Act, 1844, chapter sixty-nine of the statutes of the United Kingdom of Great Britain and Ireland, 1844, and all orders rules or regulations made under the said Acts are hereby repealed in so far as the same are part of the law of Canada.

The explanatory notes attached to the Bill pointed out that it was based on sections 91 and 101 of the British North America Act, 1867, and on the provisions of the Statute of Westminster.

Mr. Cahan, in moving the second reading, asked that the Bill be referred to the Supreme Court of Canada for the purpose of ascertaining the powers and jurisdiction of Parliament to enact the proposed legislation. Mr. Lapointe approved the terms of the Bill and the authorities on which it was based. He thought it wiser, however, to adjourn the debate, since he accepted Mr. Cahan's proposal for reference to the Supreme Court. There the matter lies. There can be no doubt about the wisdom of the whole procedure. Both Mr. Cahan and Mr. Lapointe spoke with great authority and marked restraint. The former laid down a political principle which commands the widest respect: freedom to control all our life is the only guarantee of ready acceptance of duties and responsibilities in the British Commonwealth. He raised, too, an important implication. He called for effective measures "to change, increase and strengthen" the personnel of the Supreme Court, in order that, with the prospect of becoming the ultimate and final court, it "may have and enjoy the full confidence of the Canadian people". If Mr. Cahan's

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Bill becomes law, real force will be given to the demands, put forward over many years, for a large increase in judicial salaries. And it is to be hoped, when Canadian legal education receives its much-needed improvement, that the bar will contain more and more men to whom judicial office will mean the crown of professional accomplishment.

It is necessary to add something further. If ever the Bill becomes law, it will be largely futile as long as the opinions already given by the Judicial Committee on the British North America Act are of authority. The Supreme Court of Canada is bound by these decisions. If we are to go back to the terms of the British North America Act, we must go back to them shorn of the misinterpretations that have been placed on them, in order that the Supreme Court may be able to build up *de novo* a Canadian jurisprudence on the terms of the Act. How this can be done is at present problematical; but a proposal by Mr. O'Connor at present holds the field as a basis for discussion. He suggests

the causing of an enactment by the Imperial Parliament of a British North America Act Interpretation Act, which should declare, saving the effect of all things already decided and done, that the true intent of the British North America Act, 1867, is and always has been, etc., etc. (as per a formula to be stated in the words of one or more of the decisions of the Judicial Committee rendered before . . . 1896) and that thenceforth the Act should be interpreted and construed accordingly.

It looks as though his suggestion will lead to parliamentary debate.

In turning to discuss the question of Canadian neutrality, we are concerned in this article only with a legal question and not at all with policy. It is a political issue, whether the law *ought* to be what it apparently is. Nor are we concerned with the practical implications of the law if Canada, while perhaps legally at war, did not wish to take any active part in it. It may indeed be true, as General Smuts once said, that discussions over neutrality are largely idle in the light of the fact that the march of mighty events will undoubtedly govern the issues. On the other hand

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the law in Canada must be faced, not simply because it must govern the legal situation, but because any proposals to change or clarify the legal situation must proceed from the law as it is. Once again we go "back to the constitution".

Under the Royal Parliamentary Titles Act, the King's title was proclaimed on May 13, 1927, as

George (V), by the Grace of God, of Great Britain, Ireland, and the British Dominions beyond the Seas, King, Defender of the Faith, Emperor of India.

The Latin form was also included in the Proclamation :

Georgius (V) Dei Gratia Magnae Britanniae, Hiberniae et terrarum transmarinarum quae in ditione sunt Britannica Rex, Fidei Defensor, Indiae Imperator.

Now the term "British Dominions beyond the Seas" is of Canadian origin, having been suggested by the Canadian Cabinet on February 9, 1901.* It is apparent that it is of geographical significance only, and that it does not refer to "the Dominions" as defined in the Statute of Westminster. In other words, the term does not mean that there is a "Kingdom of Canada", created by implication under the proclamation flowing from the Royal Titles Act. That it was not intended to do so is apparent from the Latin version, where the words "*in ditione*" disclose a concept quite out of keeping with the status of Canada as a separate kingdom.

In turning once more to the British North America Act, we find that Canada is a "Dominion under the Crown of the United Kingdom". Executive authority is "vested in the Queen", and, where the provisions of the Act refer to "the Queen", "they extend also to the heirs and successors of Her Majesty, Kings and Queens of the United Kingdom". In the light of this fundamental position, which is specifically protected from any legislative action in Canada by the Statute of Westminster, it would seem that, notwithstanding Canadian legislation in connection with

* See Kennedy, *Constitution of Canada* (Oxford, 1938), pp. 518 *et seq.*

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Edward VIII's abdication, His Majesty's Declaration of Abdication Act, 1936, of the Parliament of the United Kingdom, became in law automatically operative in Canada. However that may be, there is no evidence either in that Act or in the succeeding Canadian Statute assenting to it that either Parliament contemplated a "Kingdom of Canada" or that George VI succeeded to a Canadian crown as "King of Canada" in any sense in which those terms would have a legal meaning. In other words, the royal title, the British North America Act (which Canada cannot change) and the Abdication Acts disclose that the Crown is one and indivisible as far as Canada is concerned. We have not, for Canada, a personal union such as existed between England and Hanover before the accession of Queen Victoria.

Finally, George VI was not crowned as "King of Canada". A new coronation oath was provided to take the place of that in the statute of William and Mary, under which the King swore "to govern the people of this United Kingdom of Great Britain and Ireland, and the Dominions thereto belonging, according to the Statutes in Parliament agreed on and the respective laws and customs of the same". The new coronation oath—concerning which the Canadian Government was consulted, concurring in the changes—itself of doubtful legal authority, is in the following terms :

Will you solemnly promise and swear to govern the people of Great Britain, Ireland, Canada, Australia, New Zealand, and the Union of South Africa, of your possessions and the other territories to any of them belonging or pertaining, and of your Empire of India, according to their respective laws and customs ? I solemnly promise so to do.

There is nothing whatever in this oath to constitute George VI "King of Canada" with any legal implication that the Crown has ceased to be one. Indeed, the Prime Minister of Canada was careful to point out that the coronation service contained no reference to the King's

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title and that it had not been changed in any way by the coronation ceremony.* George VI is "King of Canada" in the colloquial sense that he is King of all his dominions—of each parish and township therein. He is not "King of Canada" in the sense that he wears or was crowned with a separate Canadian crown; and the term, if used at all, is purely informal and has no legal meaning. No coronation ceremony, apart from statute, could change for Canada the legal indivisibility of the Crown as laid down in the British North America Act.

Such would appear to be the legal situation, and it is of pretty general acceptance. Could Canada change it by statute? There is a school of thought which believes that the effect of a declaration of war by the Crown could be nullified by Canadian legislation, on the lines perhaps of the Status of the Union Act in South Africa. Without discussing that Act, it would appear that such Canadian legislation would undoubtedly imply a change in the British North America Act, the terms of which govern the legal situation. When, however, we come to that point the atmosphere thickens. It would be very difficult indeed to secure such a change—certainly at present, with the central provinces more than ever on guard over the British North America Act, and with domestic issues and opinions cutting deeply across the constitutional side of imperial and international affairs. General Smuts, on this subject, would seem to have had the last word.

* 212 Canada : *Commons Debates*, 1442, 1443.

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I. FORTUNES OF THE NEW GOVERNMENT

NOT for nearly twenty-five years has the Commonwealth been governed by a minority party in the House of Representatives. In Alfred Deakin's phrase, there are again "three elevens in the field". The Country party maintained its threatened refusal to enter a coalition led by Mr. Menzies, and thus dissolved the combination that has been in office (with the exception of two years, early in the great economic depression) ever since the resignation of Mr. W. M. Hughes in 1922. The new Government, which was sworn in on April 26, was therefore drawn exclusively from the United Australia party. The Prime Minister himself took over the Treasury; the former Treasurer, Mr. R. G. Casey, was assigned to a new Ministry of Supply and Development; the portfolios of the Attorney-General and of Defence remained in the hands respectively of the veteran Mr. W. M. Hughes and of Mr. G. A. Street. Sir Henry Gullett, who in former Administrations had been Minister for Customs and Minister in charge of Trade Treaties, became Minister for External Affairs. It is expected, however, that the Prime Minister will take a very active personal part in the formulation of external policy—a sphere in which he is himself keenly interested.

Mr. Menzies, himself not yet forty-five, has chosen a young team, even for an Australian Administration, and has shown both originality and discrimination in his creation of portfolios and allocation of duties. Drawn mainly from New South Wales and Victoria, the Ministry nevertheless contains representatives from all states except Tasmania—a

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matter of some importance in a federal country with an area as large as that of Europe.

The new Prime Minister announced a programme of energetic progress with the work of national preparedness, not only on the military but also on the civil side. He entered office with high hopes, too, of doing something to improve the deliberative work of the House. His first parliamentary session, however, must have been both harassing and disappointing for him. There can be no more searching test of the courage and temper of a political leader than the position of a Government that depends for its majority upon support from a third party on the cross-benches. Under weak leadership, a condition of more or less stable impotence soon supervenes—as more than one Australian state in recent years has found to its cost. With bold and patient direction, on the other hand, much can be accomplished, as Deakin showed early in the history of the Commonwealth. The Government has emerged from its first session, though rather battered and perhaps uncomfortable after swallowing a few unwelcome draughts, with some credit and with its major legislation safely on the statute-book.

The Labour Opposition, of course, has taken advantage of the parliamentary situation to the full, and has hampered the Government's measures with great thoroughness. But that, after all, is the duty of a parliamentary Opposition. Even in these times, to regard opposition to the Government in office as disloyalty to the country is dangerous to freedom. The Country party gave its promised discriminating and critical support to the Government, although its leader has played rather an inglorious part; the session both began and ended with a bitter personal attack by Sir Earle Page upon Mr. Menzies, to which the latter replied with dignity and restraint. By agreeing to the imposition of the "guillotine", the Country party enabled the Government to overcome the stonewalling tactics of the Opposition. The Country party is said to

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be an unhappy family and to be restive under its present leadership.

Much interest attached to the way in which the Prime Minister would deal with the national insurance scheme, his continued support of which had caused his resignation from the Lyons Government.* By the time of his election to leadership of his party, the measure that had been placed on the statute-book last year appeared not to have the support of any one of the political parties. The Labour party condemned it, mainly because it was based throughout on the contributory principle and because it made no provision for unemployment insurance. The Country party condemned it because it applied only to employees and excluded the whole small-farmer class. The United Australia party was hopelessly divided in opinion, but the majority feared the cost—added to that of the defence programme—even of putting into operation the existing Act. That Act, however, had previously been proclaimed to come into operation on September 4, 1939. Although the country clearly wanted a national insurance system, nobody could be sure what national insurance system it did want.

This is the kind of confusion that in ordinary circumstances a general election may dispel. But none of the parties wanted an immediate election, and in any case the Government could find no basis upon which its own supporters would agree. Compromise and delay thus became inevitable. Mr. Menzies did indeed choose for the new portfolio of Social Services Sir Frederick Stewart, a man of independent spirit whose advocacy of a comprehensive scheme of national insurance had been vigorous, and who pledged himself on assuming office to get an effective system into operation. In order to deal with the immediate situation, however, the Government proposed, first, to

* Earlier stages of the national insurance scheme were discussed in *THE ROUND TABLE*, No. 112, September 1938, pp. 834-7; No. 114, March 1939, p. 423; No. 115, June 1939, pp. 624-5.

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annul by statute the proclamation bringing the Act into operation in September next, thus leaving intact the administrative structure already created; and secondly to entrust to a joint select committee the task of making recommendations before September 30 on the whole subject of national insurance, including unemployment insurance. This proposal involved the Prime Minister in some inconsistency with his earlier declarations on the subject, a point upon which he was taunted by Sir Earle Page. But it is not easy to see what alternative course was practicable, in the existing state of opinion. In the event, the Government's Bill to annul the proclamation was passed, but the proposal for reference to a select committee was defeated, the Country party voting with the Opposition. The Government was thus left to formulate by its own methods its policy regarding national insurance. The one clear thing in the situation is that the scheme in its present form is dead. There has been some criticism of the fact that the cost to the country has already been of the order of £150,000, but that is not the most serious element in a rather sorry story. No doubt it was a bold venture to introduce in such times as these a comprehensive measure of national insurance. On the other hand, it is precisely in times like these that a democracy needs to be most resolute in promoting social justice.

II. PUBLIC FINANCE

THE Australian Loan Council, at a recent meeting, was faced with real difficulties in arranging a loan programme for the ensuing financial year that would provide for the expanding needs of defence, for necessary developmental and unemployment relief works by the states, for budget deficits, and for the requirements of semi-governmental bodies such as public utilities, while remaining nevertheless within the capacity of a rather embarrassed money market.

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The programmes originally put forward by the seven Governments totalled £55 million, of which the Commonwealth's share was £16 million. This was quite beyond the capacity of the market, under the difficult conditions of low export prices and rising costs. It was therefore agreed that the total borrowings for the states and their semi-governmental authorities should, with certain adjustments, be approximately the same as for 1938-39. The following programme was ultimately agreed upon, figures for 1938-39 being given for purposes of comparison.

	1938-39	1939-40
Commonwealth (works)	2.00	4.00
States	16.62	18.55
Defence	4.00	10.00
Semi-governmental	8.5	8.55
Total	31.12	41.10

It was recognised that a total programme even of £41 million could not be raised without some assistance from the Commonwealth Bank, acting in its capacity as a central bank. The Bank has shown its readiness to assist the market over its present difficulties, and it will be fortified in this policy by the decision of the Loan Council to exercise a stricter control over semi-governmental borrowing.

On this point the Council passed an important resolution affecting both semi-governmental borrowing and the practice that had developed in some states of guaranteeing other loans, such as sums raised by building societies. The resolution was as follows :

Each government represented at the Loan Council agrees that in future it will not, without the prior approval of the Loan Council, guarantee any loan raised, or to be raised, by any semi-governmental authority; and that it will, from time to time, furnish to the secretary of the Loan Council particulars of all guarantees given by it to bodies other than semi-governmental authorities.

This resolution is evidence of timely co-operation in an important matter. The Financial Agreement is limited in

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terms to borrowings by the Governments of the Commonwealth and the states. Borrowing by state statutory bodies, technically independent of the state itself, could easily develop to such an extent as to revive the abuses of unregulated competitive borrowing which the Financial Agreement was designed to cure.

III. EXTERNAL POLICY

THE Prime Minister has frequently expressed the wish that the Commonwealth Parliament should devote more time to the discussion of external affairs. In pursuance both of this policy and of his desire to extend the deliberative functions of the House, Mr. Menzies arranged to give a whole day to the subject. Members expressed their satisfaction at having such an opportunity, but the opening speeches both for the Government and for the Opposition followed very general lines.

Sir Henry Gullett, in opening the debate, announced the Government's unequivocal support of present British policy, and stated that if in pursuance of that policy Great Britain is at any moment plunged into war "this Government will, on behalf of the Australian people, make common cause with the Mother Country in that war". The Prime Minister has since repeated that undertaking in almost identical words. It represents the deliberate general judgment of the Australian people, not merely as a matter of sentimental or historical loyalty, but as a matter of direct national interest. In a broadcast to the nation on his accession to office, the Prime Minister said :

The peace of Great Britain is precious to us, because her peace is ours; if she is at war, we are at war, even though that war finds us not in European battlefields, but defending our own shores. Let me be clear on this: I cannot have a defence of Australia which depends upon British sea power as its first element, I cannot envisage a vital foreign trade on sea routes kept free by British sea power, and at the same time refuse to Britain Australian co-operation at a time of common danger. The British countries of the world must stand or fall together.

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The Government's statements have been more specific than anything that was said here officially in September 1938. On this point Australia appears to be far more united at present than she has been at any time in recent years.

On the other hand, Sir Henry Gullett was at pains to point out, with the concurrence of the Prime Minister, that Australian support of present British policy should not be taken to mean that "in any and every set of circumstances the foreign policy of a government of the United Kingdom, if it led to war, should or would automatically commit Australia to participation in that war". The Leader of the Opposition concurred heartily in this proposition. While emphasising the Labour party's determination that Australia should remain inseparably a member of the British Commonwealth of Nations, Mr. Curtin said that "whatever be our obligation as a constituent member of the British Commonwealth, that obligation is one for us to measure and for this Government and this Parliament to determine, because our membership of that Commonwealth does not automatically commit Australia to participation in war". In all this, of course, there is nothing new or unorthodox. Strictly understood, it is only the familiar doctrine that no part of the Commonwealth can impose active political or military obligations on another part without its own assent. But everybody knows that the phrases are very easy to misunderstand, and are in fact frequently misunderstood.

No substantial section of Australian political opinion contends to-day for the right of a Dominion to remain technically neutral in a war in which Great Britain is involved. Mr. Curtin did indeed claim it during the Abyssinian affair, but he and his party have moved a long way since then, and in the recent debate the idea was explicitly scouted by Mr. Blackburn, one of Mr. Curtin's ablest followers. But between technical neutrality—with its right, for instance, to trade with both belligerents—and "all-in" belligerency there is a very wide gap, which it is

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the merit, or perhaps the danger, of the Imperial Conference orthodoxy to conceal. The Government says, "it is for us to determine whether or not we shall participate", but contemplates throughout that Australia's participation will in fact be complete. Labour, much more critical of British policy, says likewise, "it is for us to determine whether or not we shall participate", but envisages the possibility, in some contingencies, of merely passive belligerency. Isolationist sentiment is still a strong element in Labour opinion. Some of the United Kingdom delegates at the British Commonwealth Relations conference last year urged that this kind of ambiguity should be cleared up, and that if there are to be any commitments for mutual defence in the Commonwealth they should be explicit and reciprocal. The Government's declaration is a specific undertaking in this sense, though of course limited to the present situation.

The Government has also emphasised the fact that while Australia, as a member of the British Commonwealth, has a real interest in European affairs, her sphere of primary interest and risk, as a principal, lies in the Pacific. The recent decision to establish legations of our own, beginning with the United States and Japan, lays stress on this point. So does the increased press attention of late to developments in United States policy. Speaking generally, the Australian people are becoming more aware of the vital importance for their own future of closer and more sympathetic relations with the United States.

There is reason to believe that the Government's emphasis on Australia's interests in the Pacific has found expression recently in the advice tendered or representations made by Canberra to Westminster. To keep such representations secret is one of the most strictly observed conventions of the Department of External Affairs. The usual answer to questions in the House is that the Government is in continuous consultation with the Government of the United Kingdom, that it concurs in the steps being taken

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by that Government, and that to make any further statement would be inadvisable. Of late, however, it has been made clear that the Australian attitude towards the Anglo-Russian negotiations has been largely influenced by fear of the possible repercussions on Japan. The Prime Minister told the House that in regard to the negotiations between Great Britain and the U.S.S.R. the Australian Government, "while properly emphasising its special interests in the Pacific, had said nothing that would in any way prejudice a better understanding or arrangement with Russia". In a fuller statement just before the House adjourned in mid-June, the Minister for External Affairs said :

The Commonwealth Government has expressed its support of the efforts of the United Kingdom Government to secure Russian participation on the most effective terms possible, and this support extends to the conclusion of a direct defensive agreement. . . . It is not intended that such an agreement shall have any application outside Europe, and in all the circumstances the Commonwealth Government is satisfied that it would not prejudice the interests of Japan.

This apparent solicitude for Japanese interests should not be taken as betokening want of sympathy for China in the aggression to which she has been subjected, or absence of concern at the pressure of Japan upon foreign commercial interests in the treaty ports. On the contrary, Australia had looked to find in China, as well as in Japan, an expanding market to counteract the effects of "autarky" in Europe. The over-riding consideration, however, is that, although the Australian public is not accustomed to anything much in the way of frank discussions of the international risks to which it is subject, most people, if they sat down to think about it, would regard something in the way of a "diversion move" by Japan against Australia as a likely concomitant of an outbreak of war in Europe.

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I. POLITICAL CHRONICLE

THE parliamentary session, which had opened on February 3, came to an end on June 16. It did not produce much constructive legislation. General Smuts was responsible for putting through an important measure to amend the Companies Act. The code of social legislation was extended by the enactment of a Shops and Offices Bill. The process of "rationalising" the marketing of agricultural products was taken a stage further with a new Co-operative Societies Act. No other measure, however, passed into law that could be described as at once constructive and important. A more impressive output in the first normal session of the new Parliament might well have been expected from a Government in so strong a parliamentary position as the United party Government enjoys. It was hampered, however, by the very fact that this was the first normal session of a new Parliament, since the tendency to loquacity of a large number of new members undoubtedly lengthened the proceedings. Moreover it was unfortunate in having to devote a good deal of time to the passing of certain Bills, important in view of the abnormal nature of the present times, but, one would hope, only temporarily necessary. One of these Bills provided for the registration of aliens, another for the amalgamation of the police force of South-West Africa with the South African police, the real object being to legalise the despatch of police reinforcements from the Union to its mandated territory.

This action, it appears, was taken as a result of intelligence received from an oversea source that there was danger of a

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Putsch in South-West Africa. It undoubtedly had a tranquillising effect. But the enabling legislation was vigorously contested by the Nationalist Opposition in Parliament, and helped to confirm it in its policy of neutrality for South Africa at all costs and in all circumstances. For perfectly understandable reasons, there is a considerable body of South Africans—ex-Republicans of the Anglo-Boer war and their sympathisers—to whom the idea of South Africa's being engaged in war on the same side as Great Britain is sentimentally repugnant. That repugnance asserted itself in the rebellion of 1914. The feelings of those days are not yet dead. The Nationalists believe it to be to their political advantage to stimulate them. The neutrality-in-any-circumstances cry is really a demonstration against South Africa's being involved again in a "British" war. The Police (South-West Africa) Bill was fought in the House as constituting a step in the direction of South Africa's embroilment in an Anglo-German war. The occasion, however, extracted a clear definition of the Nationalist position in regard to South-West Africa. The definition amounts to this, that it is desirable that South-West Africa should be an integral part of the Union, but only as a result of negotiation with Germany. If war is necessary to retain it, the Union must not fight.

It was doubtless this assumption of position by the Nationalists which induced Mr. Pirow, the Minister of Defence, shortly after Parliament rose, again to set forth his views on the question of Germany's colonial aspirations in relation to Africa. He holds that neither South-West Africa nor Tanganyika should go back to Germany; that South-West Africa, indeed, must be regarded for purposes of the Defence Act as part of the Union; but that the necessity of "compensating" Germany must be faced. These views have repeatedly been stated by Mr. Pirow as his personal opinion. They have never been endorsed as a statement of Government policy, and there is a large and growing number of Government supporters who are

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strongly opposed to any suggestion of "compensation" that would involve the return of Germany—at least of Nazi Germany—to any part of the African continent.

On the broader question of South Africa's participation in war, no statement of Government policy has taken the matter beyond the Prime Minister's March declaration.* Many of the Government's supporters, especially those of British stock, would have welcomed a clearer statement; but on the whole they are inclined to believe that on "the day", if it comes, the Government can be trusted "to do the right thing".

Apart from the neutrality issue the main weapons in the Nationalist armoury are still anti-Semitism and colour-prejudice. To what was said about the general aspects of these matters in the last issue of *THE ROUND TABLE* † little need be added, save to record that towards the end of the session the monster petition in favour of Coloured segregation, which had been very carefully organised by the Nationalists, was presented to Parliament with close on a quarter-of-a-million signatures. It is necessary to emphasise, however, that the Government's tendency to counter the appeal to colour-prejudice by making concessions to it still continues. Of this the enactment of the Asiatics (Transvaal Land and Trading) Bill provides striking evidence.

The background and details of the Bill are described in a later section of this article. In essence it aimed at pegging down the existing position in regard to Asiatic occupation and trading in the Transvaal pending the consideration of comprehensive legislation. To that end the enactment of the so-called Feetham resolutions,‡ which is necessary to put the law in this respect on a reasonable basis, and which has already been postponed several times, has been delayed

* See *THE ROUND TABLE*, No. 115, June 1939, p. 637.

† No. 115, June 1939, pp. 636, 642 *et seq.*

‡ See *THE ROUND TABLE*, No. 101, December 1935, pp. 184-95, and p. 867 below.

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for a further period. To that end also, save with the consent of the Minister, any extension of Asiatic occupation and trading anywhere in the Transvaal is prohibited for a period of two years. This means that an Asiatic will be debarred from obtaining a new licence to trade simply because he is an Asiatic.

It is to this latter provision, though admittedly it is only of a temporary nature, that the strongest exception has been taken. Two Government supporters, Mr. Hofmeyr and Mr. Blackwell, who were among the keenest critics, have since felt compelled to resign from the party caucus. On no occasion, however, could the opponents of the Bill muster more than eleven votes. Since Parliament was called upon to enact this legislation without the submission of any evidence to prove the existence of an evil of increased Asiatic penetration, and quite obviously as a sop to reactionary colour-prejudice, the objections to it must nevertheless be acknowledged to be well founded.

Towards the end of the parliamentary session the Duke of Devonshire, Parliamentary Under-Secretary to the Dominions Office, arrived in Capetown, and after a few days started on an extensive tour of the Union and the Protectorates. His visit has been described as purely of a private holiday nature. There has been much speculation, however, as to the possibility of its having some motive of an official character. One suggestion is that the visit was not unconnected with the difficulties that have arisen between the Governments of the Union and of India, in which of course Whitehall cannot disinterest itself. Another is that the Duke was sent to glean by personal observation what the Union's attitude would really be in the event of a European war. A more probable view—if an official reason for the visit must be found—is that in some way it was conceived as a preparatory step to the transfer—at least partial—of the administration of the Protectorates.

Of the imminence of such a transfer there is no real evidence. There are, however, those who would connect it

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with the possibility of the Prime Minister's retirement in the near future. General Hertzog has recently celebrated his 73rd birthday; he has also completed fifteen continuous years in the highest office in the Union, receiving congratulations from all over the Commonwealth on that occasion. It is natural that the question of his retirement should be mooted, but it is regarded as unlikely that he would be willing to go unless some positive step had first been taken towards the realisation of his long-cherished dream for the incorporation of the Protectorates in the Union.

Nevertheless, it is likely that a far more potent consideration in holding General Hertzog back from retirement is the question of his successor. Relations between him and the Deputy Prime Minister have been far from happy of late. General Smuts has had to suffer one rebuff after another, and there is reason to believe that he has continued in office only because of his belief in the need to maintain the solidarity of the United party and its Government in face of the danger of war. In any case, it seems that General Hertzog would be unwilling to hand over the reins of office to General Smuts. It seems also that he has marked down Mr. Havenga, the Minister of Finance, as his successor, and it is unlikely that he will retire until he can be assured that this desire of his will be fulfilled.

Meantime there are those who see in the Prime Minister, as one of the signs of increasing age, a leaning towards dictatorial methods. There have been threats of legislation to control the press, the political activities of teachers, and the conduct of public meetings, and of a restrictive reform in parliamentary procedure. Moreover there is an increasing tendency to regiment the United party along lines that do not harmonise with liberal principles. These things are undoubtedly causing much uneasiness in the country, though for the present mainly among the more intellectual section of the community. The fear is growing that freedom of thought, of expression, and of association

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may be endangered; that South Africa may be forced to follow in the wake of the authoritarian States in having imposed upon it what General Smuts once described as a servile, standardised, mass-mentality. Seeds are being sown that may germinate in the formation of a Liberal or Democratic party, which would draw off certain elements from the present United party and at least weaken the Dominion party. It is doubtful, however, whether any positive steps in this direction will be taken while the war-clouds continue to darken the European firmament.

II. ASIATICS IN THE TRANSVAAL

THE legal rights of Indians to trade and occupy fixed property in the Transvaal have recently been reviewed in THE ROUND TABLE.* Those reviews brought the story down to July 1936. By that date the position was, briefly, as follows. The ownership of fixed property by Indians anywhere in the Transvaal was illegal. In proclaimed areas on the Witwatersrand not merely ownership but even occupation of fixed property by Indians (or by Coloured people) was against the law. No trading licence could be held by an Indian in illegal occupation of premises. Trading licences could be issued only on the recommendation of (European) municipalities or rural licensing boards who, as a general rule, are not tender to Indian applications.

In 1932 the Government had appointed a commission—the Feetham Commission—to compile a register of all Indian and Coloured persons in legal and illegal occupation of premises on the Witwatersrand. The Commission was to make recommendations, *inter alia*, for the conversion of illegal into legal occupation in specific “stands” (sites) and areas. The Commission duly reported, and in 1936 Parliament passed an Act providing that, subject to a

* No. 101, December 1935, pp. 184-95; and No. 104, September 1936, pp. 853-4.

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resolution of both Houses, Indians and Coloured persons should be permitted to remain in permanent occupation of specified "stands", and that in certain areas, being previously prohibited areas, Indians and Coloured persons were to be allowed to own fixed property. The resolutions that were to specify these stands and areas henceforth became known as the Feetham resolutions.

In order to give the Government time to act on the recommendations of the Feetham Commission, temporary protection was given to Indians and Coloured persons in illegal occupation of premises on the Witwatersrand. That protection was to last until April 30, 1939. Towards the end of the parliamentary session of 1938 the Minister of the Interior (Mr. R. Stuttaford) introduced the first Feetham resolution. But in the meantime European hostility to the recommendations of the Feetham Commission had been growing in the Transvaal, and, when opposition was offered to the resolution in Parliament by Government supporters and others, the Minister promptly withdrew it. It has not been heard of again.

During the session that has just concluded a new law was passed, known as the Asiatics (Transvaal Land and Trading) Act. In his speech introducing the Bill the Minister of the Interior explained that it was an interim measure designed to "peg" the present position in the Transvaal for two years in order to give the Government time, after consultation with the Government of India, to frame a measure for the "solution" of the Indian problem in South Africa. That solution is to be sought on the lines of residential separation,* that is, segregation. It is certain that European opinion in Natal, where the mass of the Indians live (and must continue to live, since the rest of South Africa will not have any of them), is strongly in favour of segregation. That was made clear once more during the

* The Government is already committed to a similar "solution" of the "Coloured problem". See THE ROUND TABLE, No. 115, June 1939, pp. 642-8.

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debates on the Asiatics Bill. So far as the Transvaal is concerned, its provincial council has recently passed a resolution demanding the complete segregation of Indians.

The first clause of the Asiatics Bill extends the protection given to Indians and Coloured persons in illegal occupation of premises on the Witwatersrand for a further period of two years. This clause was passed without a dissentient voice. Of the clauses to which objection was raised, one prohibits the leasing by Indians from Europeans of any property in the Transvaal after April 30, 1939, except with the permission of the Minister of the Interior. It was pointed out that many Indians live in overcrowded tenements and that it was a serious thing to bar their occupation of additional property, even for two years. A request that the Minister would undertake to administer the clause in the spirit of the 1927 agreement with the Government of India * drew no response.

The clause against which the strongest criticism was directed, however, was that which affected the right of the Transvaal Indian to trade. The clause provides that, unless the Minister gives permission, no Indian may move his business to other premises, nor may any new trading licence be issued to an Indian. The critics rightly pointed out that to talk of this clause as "pegging" the present position was misleading; for the Transvaal Licences Control Ordinance of 1931 provides that a new trading licence has to be taken out whenever there has been a change in the personnel, management, name or nature of a business. In any of these eventualities a new licence must be obtained. Nevertheless, the Minister refused to accept amendments which would render possible, under such circumstances,† the acquisition of new licences by Indians. It was further pointed out that, in the Smuts-Gandhi agreement of 1914, the right of certain Indians on

* See THE ROUND TABLE, No. 67, June 1927, pp. 627-32.

† "Unless the change referred to is in the nature of the substitution of an Asiatic for a European".

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the Witwatersrand, and their successors in title, to move their business or place of residence within the same township had been safeguarded and that this right was now taken away. To the plea that his Bill was in conflict with the 1927 agreement, which promised that the Union Government would try to ease the position for Indians wishing to acquire trading licences, the Minister replied :

It [the agreement] is the kind of windy statement so dear to the hearts of my two predecessors [Dr. D. F. Malan and Mr. J. H. Hofmeyr]. I don't mean that in any nasty sense, but I mean it in the sense that the ordinary man does not know exactly what all these words mean.

The majority of the Transvaal Indian community, with considerable support from Natal, seems to be determined to launch a passive resistance campaign against the Act. The movement for a common non-European front, in which Asiatics and Coloured people would combine with natives to oppose the European rulers of South Africa, has been markedly strengthened. In India public opinion has apparently been profoundly stirred. What line the Government of India is taking is by no means clear. But there can be no doubt that relations between two Governments within the British Commonwealth have been severely strained over this issue. If the Government really attempts next year to "solve" the Indian and Coloured problems by way of compulsory segregation, there may be serious trouble ahead.

III. THE BLEDISLOE REPORT

IT is not intended here to enter into any detailed examination or criticism of the report of the Bledisloe Commission, which last year spent some 4½ months in the territories of Southern Rhodesia, Northern Rhodesia and Nyasaland investigating the desirability or feasibility of what is generally termed "amalgamation". What is

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written here aims only at recording the reception which the report has received in the Union and in Southern Rhodesia.

The main finding of the Commission was against the immediate amalgamation of the three territories concerned. Whilst recommending, under certain circumstances, the union of Northern Rhodesia with Nyasaland, and advising the Imperial Government to accept the principle of the ultimate political unity of these two territories and Southern Rhodesia, the Commission concluded that present differences in political and economic development between the southern unit and the two northern ones, divergencies in native policy, and the sparseness of the total white population, made any immediate political amalgamation undesirable: all that could be considered for the present was the possibility of the amalgamation of certain government departments and the establishment of an Inter-Territorial Commission to co-ordinate existing services and to make plans for economic development.

In the Union the whole issue is regarded with a somewhat detached interest—with less interest, indeed, than it deserves. For if (in fact, though not always by admission) the Union's military security depends primarily on the British fleet, it rests also to an important extent on the security of the bloc of British territories that forms its northern bastion. In a military sense, the Union finds its frontiers on the Equator. Politically, too, the future of the three neighbouring British territories is a matter of great moment to the Union. For some while now, the issue of amalgamation between the Union and the territories to the north has been relegated to cold storage; but if ultimately the Union desires to become the leader of half a continent, instead of a semi-isolated appendage, the problem of closer relations with the changing north must again be faced. And for the present the trend of political and economic development in south central Africa should excite more attention than it does. Union newspapers, it is true, have given adequate summaries of the Bledisloe report, with comment

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on the conclusions reached; but the report itself is almost unobtainable in the Union, and after a brief spasm of interest in the future of the northern territories the mind of South Africa has relapsed, not unnaturally in the present circumstances, into anxious contemplation of domestic problems, created or intensified by events in Europe.

In Southern Rhodesia, however, the report shares the first place with the international situation. The general reaction to it is one of disappointment and, in some quarters, annoyance. The problems involved are exceedingly complex, and the cross-currents of opinion and interests in the three territories are bewildering. The argument is heard that, with all the good-will and diligence in the world, the few months which the Commission gave to its investigations, whilst adequate perhaps for the collection of views and data, were hardly sufficient for acquiring the experience that comes from living with the problems, and that alone makes possible a true assessment of the value of data so extensive and opinions so diverse. The feeling is also encountered that the Commission came to confirm certain preconceived views rather than to learn, to tell rather than to hear.

More generally, there is a sense of disappointment among the inhabitants of this self-governing quasi-Dominion that the fulfilment of a rather grandiose dream is postponed. Southern Rhodesians are keenly conscious of growing nationhood and of the privileges of self-government; the ideal of a great Rhodesia, which, according to circumstances, might partner or replace the Union of South Africa in the leadership of white southern Africa, has for many a certain gospel-force that tempts them to press on without counting the cost. The acquisition of the copper-belt and of a greatly increased labour reserve, the possibility of obtaining ultimately the cession of the northern part of the Bechuanaland protectorate and thereby a closer approach to the western sea, are factors that might seem to reinforce a political ideal with material economic advantages. Less

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account is taken of the disadvantages—of the fluctuating value, for example, of the copper-belt asset; of the increased burden involved in extending the scope of administration and defence, and of social and educational services, over great areas and populations which, if nominally self-supporting, have hitherto been in the last resort the responsibility of Whitehall; of the greatly increased disproportion between white and black population that would result from the accession of some 3 million natives and only some 13,000 whites; of the difficulty of harmonising two divergent native policies and of reconciling the reluctant natives of the two northern territories to any change of policy or status. One must admire Rhodesians for the impulse to move forward and to move together; but one cannot avoid feeling that, with the exception of a more far-sighted minority, they have not fully counted the cost.

Be that as it may, there is a prevailing sentiment at the moment of disappointment, in varying degrees, at hopes deferred—a sentiment found not exclusively among the white population but also, oddly enough at first sight, among some sections of native opinion. These had seen in the accession of another 3 millions of natives to the present population of their country the prospect of a strengthened and united front against the existing native policy of Southern Rhodesia, which, if milder than that of the Union, betokens something of the same outlook.

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I. LABOUR DISAGREEMENTS

AN advantage enjoyed by conservative political parties is that the preservation of the *status quo* demands as little legislative activity as possible, with the result that individual differences in point of view are rarely brought to a head. The converse disadvantage suffered by radical political parties, particularly when they are in office, is that change always throws into relief differences of opinion both as to objective and as to method—differences that are apt to crystallise into dissenting groups within the party. The recent history of the New Zealand Labour party illustrates the foregoing generalisation. Not long before the general election of October 1938 it was rumoured that a pronounced Left wing had made its appearance under the leadership of Mr. J. A. Lee, M.P., and that Ministers were seriously concerned about the possible outcome. Mr. Lee, it should be mentioned, has had a long association with the Labour movement in New Zealand; he is an able parliamentarian and is known outside the Dominion as the author of *Children of the Poor*, *Socialism in New Zealand* and other works. Clearly a revolt led by him was not to be underrated, and opponents of the Government waited in reasonable anticipation of a first-class row.

Rumour, so often a lying jade, proved on this occasion to be reasonably correct. The disaffection culminated in the circulation of the now famous "Lee Letter" in December 1938. This document, since acknowledged to have been written by Mr. Lee, contained a strong criticism of the Government in general and the Minister of Finance, Mr. Nash, in particular—the gravamen of the charge against

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the latter being conservatism, lack of imagination, financial orthodoxy and procrastination. Mr. Lee has stated that the letter was intended for private circulation amongst members of the parliamentary Labour party, but it is somewhat extraordinary that a politician of Mr. Lee's experience should not have realised the impossibility of preventing this sort of cat from getting out of the bag. At any rate, the country was soon clattering with the typewriters of supporters of the National party making copies for distribution, until anybody who wanted to read the "Lee Letter" could be certain of finding somebody who could lay his hands on a copy.

The test came, as everybody knew it would, at the Labour party conference, which meets annually at Easter and discusses the main outlines of party policy. It then appeared that although every politically minded Nationalist had heard of the "Lee Letter", even if he had not read it, its existence came as a surprise to many of the delegates at the conference. The letter was therefore read out and a debate followed, the chief rival champions being Mr. Lee and Mr. Nash. The matter in dispute between them was clear, despite a number of side issues. Mr. Lee's point, roughly speaking, was that the party's social objective could not be reached on the basis of Mr. Nash's financial orthodoxy, and that Mr. Nash, by trying to make the best of both worlds, was likely to end by rendering the existing system unworkable without providing anything to take its place. Mr. Nash replied in a speech which even supporters of Mr. Lee admit to have been effective. In the course of it, answering one of Mr. Lee's criticisms, he raised for the first time the point that it would have been impossible to introduce import control earlier because this policy infringed the Ottawa Agreement, a course that had to be avoided as long as possible. The honours in the debate appeared to be pretty even, and the outcome might possibly have been a vote in Mr. Lee's favour had not the Prime Minister (Mr. Savage) announced that he proposed

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to take the vote as one of confidence or no-confidence in the Government. This, of course, was a bird of a different feather, and it is hardly surprising that the resulting vote on a show of hands was a victory for the Government, though only by 285 votes to 207. Even so, it was significant that over 100 delegates abstained from voting.

The conference remits, on the whole, were moderate—indeed conservative by comparison with those passed in the days before the Labour Government took office. This moderation was due, no doubt, to a desire not to cause the Government unnecessary embarrassment. The “Lee Letter” episode notwithstanding, the general opinion seems to be that the Government came away from the conference with its hands considerably strengthened. Criticism of its policy undoubtedly exists within the party itself, but so far there is no indication that the presence of a critical section will affect the outward solidarity of the party. As far as the rest of the world is concerned, the fact must be accepted that the Labour party is strongly entrenched, and that any criticism of the Government from within the ranks of the party itself is founded, not on the Government’s excessive radicalism, but on its alleged conservatism. The broad result seems to be that while the Government is committed to continuing its policy of social amelioration, as instanced by the social security legislation, the 40-hour week, the pursuit of a higher standard of living and so on, it is also committed at present to a financial policy that is not fundamentally socialist, although it cannot be said to be entirely orthodox. The question is, of course, whether such a social policy can be financed upon the present basis. There is a widespread but certainly not a universal belief that the Government may have reached a point where the road forks. If it decides to follow the path of financial orthodoxy, it must call a halt to its social legislation, and even perhaps retrace some of its steps; if, on the other hand, it is determined to pursue its general social policy,

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it must cease to depend upon an economic machine which is, in the last resort, in the control of private capital. There may, of course, be some middle road; but if so it is not at all obvious at the moment.

II. THE PROBLEM OF FINANCE

AN article in the last issue of *THE ROUND TABLE* * described how the Minister of Finance had sought to deal with the decline in London funds, which had dwindled from a total of £40,900,000 in 1935 to £7,300,000 in January 1939.† For the second half of 1939, Mr. Nash announced an extensive and detailed list of import restrictions. These provide for the total exclusion of certain classes of goods, such as furniture, linoleum, baths, lead; whilst permissible imports of other classes of goods are reduced by fractions ranging from 33½ to 75 per cent. In practically every instance where cuts have been made, preference has been given to the United Kingdom and the crown colonies. The policy of import restriction has not so far resulted in any appreciable improvement in the exchange position. Indeed, in practice, it has not yet become effective, mainly because business interests, fearing undue restriction in the future, applied for licences to import in advance of their trade requirements, thus offsetting the intended limitation. The following table shows the position in the last two months for which figures are available.

<i>(In £NZ million)</i>						
		1935.	1936.	1937.	1938.	1939.
Total Imports						
April	. . .	2·843	3·038	4·606	4·907	3·777
May	. . .	3·024	3·246	4·441	4·184	5·338
Surplus of Exports over Imports						
April	. . .	1·057	2·518	4·060	0·092	1·155
May	. . .	1·302	1·829	1·484	2·088	1·300

* No. 115, June 1939, p. 649.

† Unless otherwise stated, sums are expressed in New Zealand currency.

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At first glance, these figures might not seem particularly unsatisfactory; but it must be remembered that the first five months of the year are the season when receipts from the Dominion's primary produce should come in. Later in the year the balance of trade is always adverse.

If the import-export position is somewhat unsatisfactory, the position in regard to overseas funds is worse. Between April and May the total of overseas funds of the Reserve Bank and the trading banks fell from £9 million to £7,394,000. The steady decrease in overseas funds during the last four years has not been due only to excessive importing. The flight of capital has been estimated by one authority to have accounted for £23 million between March 1935 and March 1939.

The position in a nutshell is that, whilst the value of exports shows a tendency to drop, the import-control measures are not likely to have any marked effect for some little time. Add to this the fact that the Government is committed to an increased expenditure on armaments, and it will be seen that a substantial deficit seems inevitable. In these circumstances nobody was particularly surprised when the Government suddenly decided to send Mr. Nash to London to discuss the financial situation. Actually Mr. Nash's requirements on this visit fell under three heads. He required, first, means to re-finance the loan of £17 million sterling falling due in 1940; secondly, a loan to cover the Dominion's armament imports; and, thirdly, a general loan to enable the import restrictions to be somewhat relaxed, and to meet existing commitments.

Opposition circles are not unnaturally saying "I told you so", and arguing that the Government is suffering for an extravagant and thriftless policy. In their view the British Government would be fully justified in refusing to guarantee a loan, and the British investing public would be displaying no more than ordinary wisdom in hesitating before entrusting its money to so profligate a Dominion. And criticism of one sort or another is by no means

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confined to Opposition circles. Among supporters of the Government the view is freely expressed that Mr. Nash should have realised that the Government's social policy was bound to lead to a drain on London funds, and that import control should have been introduced three years ago. Many Labour supporters, however, are inclined to the belief that British business and financial interests have tried to exploit the situation in order to discredit the Labour Government. They are, of course, aware that the British Labour press and several usually well-informed weekly journals have made allegations of unfair tactics against the Federation of British Industries and other business organisations reported to have the ear of the British Government; and when a journal so critical of New Zealand's financial policy as the *Economist* goes so far as to say that it is "hard to justify the attitude of the Federation of British Industries", some colour is lent to the charge of unfairness. Whether or not there is any truth in the suggestion, it is unfortunate, particularly at the present time, that even a rumour to that effect should gain currency.

III. DEFENCE IN THE PACIFIC

THE second quarter of 1939 has witnessed a stiffening of public opinion upon the question of defence. The realisation has been growing that it is absurd for Australia and New Zealand to raise their voices too loudly in the councils of Europe when they are neither able nor particularly willing to make any effective contribution to enforcing the principles which they advocate. Moreover, the fact is gaining recognition that, in the event of a serious conflict in Europe, England may be so preoccupied with her own defence problems that she will be unable to render any effective assistance if trouble arises simultaneously in the Pacific. New Zealand has consequently been forced to contemplate two possibilities; one is that

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her territorial security may be threatened; the other is that she may find herself temporarily cut off from external markets. The first contingency, in the light of geographical considerations, is still remote, but the second appears to be within the realm of early possibility. It has directly contributed impetus to the drive to build up essential secondary industries wherever possible. The announcement that an English company is to build aeroplanes in New Zealand has been welcomed in the Dominion, and is an illustration of the tendency mentioned.

In consequence of the increasing awareness of international tension, there has been widespread discussion upon the question of defence. At the invitation of the New Zealand Government, representatives of Great Britain and Australia met New Zealand representatives at Wellington to confer upon imperial defence in the Pacific region. Such a conference in New Zealand was unprecedented. The United Kingdom delegation comprised Sir Harry Batterbee, the High Commissioner, Air-Marshal Sir Arthur Longmore and Major-General P. J. Mackesy; and the Australian delegation Vice-Admiral Sir Ragnar Colvin and Colonel V. A. G. Sturdee. The proceedings of the conference, which lasted some ten days, were not, of course, made public. From all accounts, however, it appears to have been a complete success, and a substantial measure of agreement was apparently reached upon the main topics of discussion. Upon his departure Sir Arthur Longmore particularly expressed himself as satisfied both with the results of the conference and with New Zealand's plans for defence.

The Minister of Defence, Mr. F. Jones, has since stated that the conference did not recommend conscription or compulsory military training, but did recommend that the territorial army be increased from 9,000 to 16,000 men. It seems that steps have been taken to arrange for the suggested increase, which is a matter not so much of recruits as of facilities and instructors for training them.

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Despite the fact that the Pacific defence conference did not recommend compulsory military training, there is a strong belief in many quarters that some system of compulsion should be introduced, and propaganda in favour of this view is much in evidence. It is unlikely, however, that compulsion will be adopted in time of nominal peace, particularly since the party in power is opposed to conscription on principle. The Prime Minister gave an indication of the official attitude when he announced that the Government intended to call on the people to form a National Military Reserve of 50,000 in readiness for any emergency. This announcement was welcomed as good, if belated, news by those sections of public opinion which have been calling for more military preparedness, but the majority of the people probably regarded the prospect of intensifying our defence preparation without enthusiasm. At any rate, although the Prime Minister has repeated his appeal on numerous occasions, and although considerable publicity in the press and from the platform continues to be given to the problem of increasing the Dominion's defence forces, the response has not been entirely satisfactory. Up to the present approximately 10,000 persons have joined the National Military Reserve.

This does not mean, however, that the problem of defence is being neglected. It has been tackled energetically although not perhaps from the angle best understood by the advocates of compulsory training. The territorial army, as distinct from the National Military Reserve, has grown at a satisfactory rate, and the figure of 16,000 is likely to be reached in the near future.

Meanwhile, the construction of military aerodromes, the importation of bombers and fighting machines, the gradual mechanisation of the army, and the drive to build up essential secondary industries continue steadily if unobtrusively. It may not be out of place to mention, in passing, that New Zealand has partially trained and sent to England a number of air pilots, most of whom would be

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available for the defence of Great Britain in the event of war in Europe.

During the last twelve months or two years there has been a marked quickening of interest in international affairs. This has been reflected in the increased sales of English and American political periodicals and in the growing popularity of the works of political writers such as Gunther, Gedye, Douglas Reed and others. The fact that the majority of these periodicals and writers are highly critical of Mr. Chamberlain's policy has to some extent counteracted the marked tendency of the press in New Zealand to print almost exclusively views and reports favourable to the United Kingdom Government. During the present quarter the sale of political literature of various sorts has received a further impetus, due, no doubt, to the deteriorating international situation.

IV. SOCIAL SECURITY

THERE was a time when New Zealand's politics were regarded as dull and uninteresting: the only real difference between rival politicians was supposed to be that one lot was in office whilst the other was out. That is all changed now. Economics has become as exciting as international football and just as acrimonious. When we get tired of the guaranteed price, loans in London, the use of public credit and the Reserve Bank funds, there is always social security. The Social Security Act was put upon the statute book in 1938 with the intention that it should come into operation on April 1, 1939. The Act represents an attempt to deal comprehensively with the problem of economic insecurity, and as such it has aroused some interest outside the Dominion. It aims at providing a measure of insurance against old age, sickness, unemployment and other disabilities. A general statement of the benefits provided appeared in a previous issue of

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THE ROUND TABLE.* These have not since been varied or altered to any extent.

Under this scheme it is compulsory for every person over the age of 15 to register and pay a registration fee of 5s., the fee being remitted in special cases, including students. Every male person over the age of 20 must pay a levy of £1 per year and 1s. in the £ on all wages and income. (This charge of 1s. in the £ takes the place of the former unemployment tax of 8d in the £). It was generally anticipated that a contribution from the Consolidated Fund would be required, in addition to the contributions already being paid under the pensions legislation. Even so, doubt exists in many quarters whether the resulting fund will be sufficient to meet the calls upon it. As against this, however, there is the possibility that taxation (including the social-security levy) will yield a larger sum than anybody anticipated. There is little or no doubt that in the past evasion of payment of the unemployment tax has been very prevalent, simply as a result of failure by persons not liable for income tax to make any returns of income. Now, however, compulsory registration, the strict obligation placed upon employers to deduct the social-security tax from wages, and the comprehensive nature of the inquiries made, render evasion practically impossible. Incidentally, the yield from income tax this year is likely to show an increase, since apparently many wage-earners in the higher income groups, whose unemployment tax has been deducted from their wages, have never made any income-tax returns.

Apart, however, from any question whether or not the scheme is soundly financed, and granting that it is bound to undergo various changes from time to time, there can be no doubt that in principle it has come to stay. It is the type of social legislation which it is impossible to repeal, because whatever criticisms may be levelled at the social ideal itself, or at the method of financing the particular

* No. 112, September 1938, pp. 856-863.

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scheme, the legislation is undoubtedly the result of a genuine popular demand for some sort of collective economic security.

In addition to the provisions relating to old age, sickness and other benefits, the Act also contains a scheme for providing for free medical attention. This part of the Act has attracted a great deal of criticism from a variety of angles and has caused considerable conflict between the Government and the medical profession. Briefly, the Act provides free general-practitioner service but enables the individual to choose his own doctor. The doctor is to be remunerated in accordance with the number of patients on his panel, irrespective of whether his services are required or not. There is, of course, to be a limit to the number of patients who can be included in the panel of any one practitioner, which means that some people must necessarily be unable to secure the services of the medical man of their choice and will have to be content with somebody else. The scheme has met with strenuous opposition from the New Zealand branch of the British Medical Association, which has so far flatly refused to co-operate. The doctors object to the scheme because they say it will destroy the atmosphere of confidence that has hitherto existed between patient and doctor. Moreover, they point out that the limit to the number of patients who can be on any one doctor's panel means in effect a limitation of incomes. This limitation of incomes will, they say, result in a lowering of the standard of medical efficiency. To these objections the Minister of Health, Mr. Peter Fraser, has replied to the effect that there is no reason why the scheme should destroy the peculiar relationship that has existed between doctor and patient: that the income which the medical profession as a whole will receive will be in excess of its present united income; and that there is no reason why the existence of an implied income limit should affect the standard of efficiency.

The public generally does not appear to be violently

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partisan. It is freely remarked that if the Government had shown a little more wisdom they would have arrived at some sort of understanding with the medical profession before launching the scheme. On the other hand it is pointed out that the British Medical Association has confused the issue by talking of the interests of the community in health matters as though these were necessarily identical with the economic interests of the medical profession. But, whatever the merits of this controversy, there is no doubt of the determination of the medical profession in their refusal to co-operate. Only a very small proportion of practitioners have so far signified their willingness to take part, and the position at the moment is one of stalemate.

A few words upon the broader issues may not be out of place. The Government's idea that the medical profession should be paid to keep their patients well and not merely called in to deal with illness when it has arisen is undoubtedly sound in principle. And it is difficult to see how the services of the medical profession can be utilised in this way, unless they are to be remunerated in accordance with some collective plan. On the other hand it is obviously undesirable that a doctor should have to accept as patients persons whom he may not wish to treat, and it is equally undesirable that the public should be limited in their choice of doctors. On this last point, however, it is sometimes necessary for the better-to-do people to remind themselves that the poorer people have little or no choice of doctors as things are now.

As far as the general political and economic position of New Zealand is concerned, whatever the Dominion's financial difficulties may be, and making all allowance for circumstances that may force her back towards a more conservative policy, one important factor should not be overlooked. The future will be conditioned by the past and the present, and in both the past history and the present politics of New Zealand the tendency towards

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social experiment in the interests of the poorer classes looms large. A conviction that the community as a whole can and should make provision for those who by reason of unemployment, accident, sickness or old age are unable to provide for themselves has always existed. The depression, bringing as it did hardship to the doors of many who had previously taken their own economic security for granted, was responsible for a spreading and deepening of this conviction. Whatever may be the merits or demerits of this attitude, it constitutes a fact in New Zealand politics which no political party can afford to overlook.

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